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WHAT IS SOCIALISM?

JAMES E. LE ROSSIGNOL

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WHAT IS SOCIALISM?

AN EXPLANATION AND CRITICISM OF THE DOCTRINES AND PROPOSALS OF "SCIENTIFIC SOCIALISM"

BY

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TO

MY SISTER

ANNIE ELIZABETH Le ROSSIGNOL

PREFACE

The daring and dreadful experiments of the Russian Bolshevists have called attention in a striking way to the fact that they, as professed followers of Karl Marx, are zealous adherents of "scientific" socialism, though not of the later, more evolutionary type. The revolution of November 7, 1917, was not a spontaneous uprising of the working class, but an insurrection carefully planned and executed by a group of conspirators who had long awaited an opportunity of putting their theories to the test on a gigantic scale.

Moreover, the leading socialists throughout the world, though for the most part evolutionists and anti-Bolshevist, are Marxists of one kind or another, and are watching, waiting and working for the social revolution. As their gospel makes a strong appeal to millions of people, it is a question of more than academic interest whether the Marxian theories are really scientific, or whether they are only sophistries masquerading in scientific garb.

Fortunately, the Marxian system arranges itself in a series of propositions which proceed in

logical order like the theorems of Euclid, and the writer has taken advantage of that to examine them one by one, and as closely related parts of a single whole. A considerable part of an earlier work, "Orthodox Socialism," now out of print, has been included in the present volume, though altogether revised and rewritten.

The writer desires to thank several of his friends and colleagues, especially Professors F. M. Fling, Guernsey Jones, Donald McFayden, G. O. Virtue, J. E. Kirshman, P. W. Ivey, T. T. Bullock, Mr. Leo Pasvolsky, Mr. J. A. Cejnar and Mr. Maurice Smith, for helpful criticism and suggestions.

J. E. LE ROSSIGNOL.

Lincoln, Nebraska,
August 25, 1921.

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INTRODUCTION

The purpose of the following chapters is to present a brief exposition and criticism of the chief points of Marxian socialism, also called "scientific" socialism. That the fundamental theories of socialism are far from scientific has often been shown, yet many intelligent people are not aware of the fact. Certainly, in these days of discontent, when many panaceas are offered for social ills, it should be worth while to examine their claims before they are tried on the patient, and it is found, by sad experience, that the remedy is worse than the disease.

As we consider the place of socialism in history and the development of socialistic thought from Plato to Lenin, we see that four, if not five, rather clearly marked types have successively appeared.

The first socialists were philosophers, like Plato and Sir Thomas More, who, deploring the evils of their day, had visions of ideal states, but never tried to create a working model.

In the second stage, which came with the industrial and political revolution of the eighteenth century, socialistic ideas took hold of earnest but visionary men, like Robert Owen in England and François Fourier in France, who believed that they could actually construct and operate ideal

communities, and were not convinced, by repeated failure, that their plans were unworkable.

Origin of Modern Socialism.—In the middle of the nineteenth century, when it was evident that the twin revolutions had failed to bring perfect liberty, equality and fraternity to the world, and when modern science had well begun its great career, Karl Marx proclaimed the "scientific" discovery that a revolution was latent in the very constitution of capitalistic society, and that, because of exploitation, increasing misery, and the disaffection of the working class, the day of socialism was at hand.

About the beginning of the present century, when skepticism had undermined the faith of theoretical socialists, and the rank and file began to mutiny against the soft-handed "intellectuals," the direct actionists came to the fore, impatient, revolutionary evangelists, calling on the workers to arise and spare not.

Finally, after the World War, and the revolutions in Russia and Germany, we find in those countries the administrative socialists, the socialists in office, who, having assumed large responsibility, and with the lives of millions in their keeping, are forced to compromise with the old order, and, having driven capitalism out by the front door, let it come back by the cellar window.

Socialism was in the world long before the

time of Marx, and will be, long after his theories have been discarded. "Scientific" socialism, then, is but a passing phase of the eternal protest against things as they are, which follows human society like a shadow, and would, like Satan in the Book of Job, play a leading part in the New Jerusalem.

Such being the case, it might seem futile to offer criticism of "scientific" socialism, but for the fact that socialism, in its scientific garb, goes about in borrowed prestige, authority and force which do not belong to mere visions, utopian schemes, and bitter rebellion against the inevitable evils of every social system. If socialism has a right to the cloak of science, it may wear it, but if not, it must appear in its proper shape and be judged according to its real character and intentions.

Socialism Is a Caricature.—Certainly, socialism, as a system of thought, is a remarkable structure, the parts of which seem at first sight to fit together so well as to prove that it must be a real picture of capitalistic society, and a true prophecy of coming change. And yet, a closer examination shows that fallacy and half-truth pervades every part and that the entire system, with all its plausibility and apparent consistency, is a mere caricature of the industrial world as it really is.

Much of this critical examination has been made by socialists themselves, the more scholarly intellectuals, who are often called "revisionists," because they wish to make the theories of Marx square with facts. To such an extent has this "higher criticism" undermined the faith, that the most fundamental theories stand disproved or discredited in the minds of many socialists.

These more enlightened leaders no longer believe as once they did, and if they still proclaim the orthodox creed, as some do, it is because the old words come readily to the tongue, the old gospel is preachable, and the old promises still have power to stir the soul. Of course, most of the agitation is done by the less intellectual, who still believe. As to the rank and file, they are disposed to believe and feel and do, without looking too closely into the rational basis of their faith.

Character of the Movement.—But if the rational basis is not there, it is surely well for all concerned to known where they stand. If socialism as a system of thought is unscientific and unsound, then it is still where it was in the days of Plato, More, Owen, Fourier, and the rest. And if the economic analysis and doctrines are false, upon what foundation of science or reason does the proposed new system of social reconstruction rest?

Socialism can still be, and is, a denunciation of

capitalism, according to which most of the ills of life are attributable to private property.

It is still a highly imaginary scheme of social organization, which, socialists believe, would be a panacea for most, if not all, the ills that flesh is heir to.

It is still a murmur of discontent among the poor, a movement toward a social revolution, and a determination to carry out, on a national or international scale, the plans which they have seen in their dreams.

It is still a promise of a Golden Age, that allures and blinds and disappoints, like the will-o-the-wisp, or the pot of gold at the foot of the rainbow.

The Appeal of Socialism.—All this is left, and socialism still appeals, and will appeal, to people of a certain temperament—the sanguine, emotional, uncritical, visionary, credulous, impatient, intemperate, explosive—but surely not to sane, rational, well-balanced men of common sense, who are the only safe pilots in stormy and uncharted seas.

It is not a useless task, therefore, to expose the unscientific pretensions of "scientific" socialism, unless it be true that man is not a rational animal, but swayed to such an extent by emotion and passion that he will be ready to break up the present imperfect scheme of things industrial, on

the chance of being able to fashion out of the wreck something nearer to the heart's desire.

Yet the experience of Russia makes one believe such childish folly possible, and there are people in every country who wish to follow that example. Also, there are those who are moving in that direction, though they do not see the end of the road. Professor Franklin H. Giddings, of Columbia University, recently wrote these significant words: "The whole world at present is intellectually muddled and morally bedeviled. It is trying to reconstruct society upon a hypothetical equality of all mankind. If it succeeds, it will destroy historic achievement from the beginning, and will send mankind to perdition."

Socialism may not stand for absolute equality, but there can be no doubt that its trend is strongly in that direction. It lays itself open to the charge of Plato, who said, in substance, that nothing is more unequal than the equal treatment of unequals. The exploitation of the many by the few is bad, no doubt; but the exploitation of the few by the many, the exceptional men by the sluggish horde, the torch-bearers of civilization by those who walk in darkness, means not only the abolition of private property, initiative and enterprise, but the destruction of our present civilization—and what will follow that, no man knows.

I

THE CREED OF SOCIALISM

Like every expression of human life and character, socialism is new in form, but old in spirit. Envy and pity are as old as happiness and misery, and from such a soil in every age has sprung a vigorous growth of protest and rebellion. The inequality of men is the most striking fact in human history. Always have there been strong and weak, master and servant, rich and poor, according to the law of the old-time struggle:—

> "That they should take who have the power,
> And they should keep who can." [1]

Opposed to the fact of inequality and aristocracy is the ideal of equality and democracy, largely derived from Christianity. Creatures of one God, children of a common ancestor, similar in form and feature, intellect and appetite, why should not the sons of men live together as members of a single, loving family? Why should the

[1] William Wordsworth, *Rob Roy's Grave.*

good things of life belong to a few, and the crumbs of the table to all the rest?

"When Adam delved and Eve span
Who was then the gentleman?" [1]

Out of a strong desire for better things has come the belief that better things are possible. Man is a born dreamer. He puts a halo about the past and sees the future in a golden mist. The poor of this world, always rich in faith, have conceived the thought of a perfect world, and the desire of their heart they believe they will one day attain. This desire and this faith is the spirit of socialism.

Types of Socialists.—There are at least three kinds of socialists: the instinctive, the utopian, and the scientific. The socialist by instinct merely, not knowing that he is a socialist, underestimating the strength of the propertied classes, appeals to the crude and primitive rue of force, commits acts of violence and terror, and in him is fulfilled the significant prophecy: "They that take the sword shall perish by the sword." The passionate, short-sighted rebel dies before his time, and his misguided followers sooner or later realize that they have only discredited the cause they hoped to serve.

The utopian socialist, with his Plato, More, or

[1] Rhyme attributed to the "mad priest," John Ball, before the Peasants' Rebellion of 1381.

Bellamy, comes to comfort the distressed with a glowing picture of a golden age, a heaven on earth, a New Jerusalem of peace and prosperity, where the hungry shall eat, the thirsty shall drink, and all tears shall be wiped away. How alluring the scheme of perfect harmony, how just the method of distribution, how attractive to the imagination, how satisfying to the soul, and yet how visionary, intangible, impossible—a city of dreams, a mirage of the desert!

The "scientific" socialist is the only socialist worthy of the name. The philosophy of Hegel, the economics of Ricardo, and the biology of Darwin combine in him to produce a system of social theory the most remarkable that the world has seen.

The Founder of Modern Socialism.—Heinrich Karl Marx (1818-1883), by birth a Jew, is the Moses of socialism, its leader, lawgiver, and prophet. His great book, "Capital," is often called "the Bible of the working class." In this and other works he expounded the principles of scientific socialism, which are thought to give such knowledge of past history and such insight into present economic tendencies as to justify the assertion that the revolution is at hand, and the "millennium" about to be ushered in.

The "scientific" socialist of the orthodox type is very sure of his ground. The present has no

mystery for him; the future is like an open book. To him people are divided into three classes: knaves, fools, and socialists. If you do not know Marx you are a fool. If you know, and do not believe, you are a knave, or, at best, a parasite. If you know and believe you are a socialist, one of the elect.

Yet nobody should be offended when such epithets are used in the course of a scientific discussion, for it is quite proper to call men parasites, exploiters, robbers, and the like, so long as it is done in a scientific spirit, which, as Marx puts it, "deals with individuals only in so far as they are personifications of economic categories, embodiments of particular class interests and class relations." [1]

Higher Criticism.—Socialism has always had its enemies among outsiders, but of late years a sort of "higher criticism" has sprung up within the fold, and many professed socialists have begun to doubt doctrines formerly considered fundamental. For such opinions some have been cast out of the synagogue, while others, suspected of heresy, have lost influence with their more orthodox comrades, who demand rigid adherence to old-line Marxism. "Better a declared enemy," they say, "than a half-hearted friend."

The enlightened socialist, or "revisionist," un-

[1] Karl Marx, *Capital*, Vol. I, Author's Preface.

able to deny the validity of the newer criticism, is careful to separate the wheat from the chaff of Marxian doctrine. If Marx be shown to have made a mistake, he will say that the point is not essential, and will withdraw to the main line of the Marxian system, which, he thinks, can never be pierced. But if it were proved beyond a doubt that the whole teaching of Marx is fallacious, both in premises and conclusion, the confirmed socialist would, if necessary, abandon his great teacher, holding that socialism, greater than Marx or any other man, can stand on its own foundations.

Finally, if it could by any possibility be shown that socialism, as a system of thought is utterly false, the true socialist would retreat to his last stronghold and say that socialism, at bottom, is not a system of thought, but a process of social evolution, a law of the industrial world irresistibly moving on toward its final destiny.

To say this is to substitute assertion for proof, feeling for reason, faith for knowledge, mere guessing for scientific demonstration. And yet, dogmatism such as this appeals to people of a certain type, who, when they have closed their minds to doubt, are more vehement than ever in proclaiming their opinions. And, strange to say, their powerful suggestions carry conviction to

many hearers, with little support in logic or reason.

It may be that feeling lies deeper than reason, that faith is more reliable than science, that we should believe in order that we may know; but the Marxian socialist does not consciously entertain such views as these and will not uphold them except as a last resort.

If socialism is a science, how is it that socialists display so little of that openness of mind, that love for truth, that indifference to contradiction, that sublime patience so characteristic of the true scientific spirit?

Socialism Not a Science.—In fact, socialism is not a science at all, but a sort of faith, or religion. Science for the socialist is a mere tool, a means to an end, to be discarded after it has served its purpose. For him science is but the handmaid to religion.

In these days, when we have a psychology without a soul, let it not be thought strange that we have a religion without a god. Like most religions, Socialism has its prophet and its book. Like all religions, it has its creed, which the orthodox hold with the utmost dogmatism and intolerance. The twin passions of love and hate supply the motive power, and a firm conviction that the social revolution is at hand is a source of

great enthusiasm in the propaganda for the conversion of the world.

Socialists are optimistic to the last degree. Unbounded is their faith in man; brilliant the destiny they predict for him. The socialist is essentially a prophet. Believing himself able to read the signs of the times, he does not hesitate to say that he can foresee, in outline, at least, the changes that will take place in time to come. His prophecy, as he says, is not utopian, as of those who merely dream and hope for a better world; but scientific, like the forecasts of the weather bureau, or the predictions of a chemist who knows what is coming out of a combination because he knows what has been put into it. Scientific prophecy, that is socialism.

Party Unity Desired.—The International Socialist Congress, which met in Amsterdam in August, 1904, adopted the following resolution:

"The Congress declares that in order that the working-class may develop its full strength in the struggle against capitalism, it is necessary that there should be but one socialist party in each country as against the parties of the capitalists, just as there is but one proletariat in each country. For these reasons it is the imperative duty of all comrades and all socialist organizations to strive to the utmost of their power to bring about this unity of the party, on the princi-

ples established by the international congresses, that unity which is necessary in the interest of the proletariat to which they are responsible for the disastrous divisions in their ranks."

In these days of independent thought it is common to speak slightingly of creeds, but when men unite for religious, moral, political, or economic ends, they find that success cannot be attained without a certain union in thought, feeling, and purpose. In the words of the prophet, "Can two walk together except they be agreed?"

In early times, when philosophers like Plato, More, and Campanella saw visions of ideal states, the question of uniformity in belief was of no consequence to themselves nor to the world at large.

When more zealous socialists, like Owen and Fourier, began to establish their experimental communities—"duodecimo editions of the New Jerusalem," as Marx called them—unity in faith was seen to be a matter of vital importance. Associations of philosophers and literary people, like Brook Farm Community near Boston, speedily failed; while communities of simple-minded believers, with a common religious creed, like the Shakers and the Amana Community, have continued to exist until the present day.

The Communist Manifesto.—But when, in the revolutionary agitation of 1848, socialists of

all countries and every sect began to be conscious of a common purpose, the time was ripe for the formulation of a creed that should unite the revolutionary forces throughout the world. The hour was come, and the man. The man was Karl Marx, who with his friend Friedrich Engels, drew up in London, in January, 1848, the "Manifesto of the Communist Party," the first formal utterance of the creed and program of "scientific" socialism.

For some years thereafter the international faith had few converts, but after the publication, in 1867, of the first volume of "Capital" the views of Marx spread with great rapidity. In the election of 1912, German socialists polled 4,238,000 votes out of 12,188,000, and secured 110 seats in the Reichstag. At that time it was estimated that the socialist voters of the world numbered about 10,000,000, most of whom were Marxians of one kind or another.

In the presidential election of 1912 in the United States, Eugene V. Debs received, roughly, 900,000 votes out of a total of 15,000,000 votes cast. In 1916, Allan T. Benson received about 600,000 out of 18,500,000. In 1920, Mr. Debs received less than 1,000,000 votes out of about 28,000,000, including women voters, which was a lower relative vote than in 1912. Doubtless, the progress of socialism has been

much hindered by the disastrous experiment in Russia, as well as the behavior of many socialists during the war.

Orthodox Doctrines of Socialism.—Orthodox socialists throughout the world, with all the variations due to nationality, local environment, temperament, or other causes, hold more or less strongly the following doctrines, which may be briefly expressed in a series of propositions:—

(1.) In a given period of the world's history, the modes of production and exchange, or the ways by which people get their living, determine their whole political, social, intellectual, legal, moral, and even religious life. Also, when the economic foundations change, corresponding changes are thereby brought about in the social superstructure. This is the theory of economic determinism, otherwise known as the materialistic or economic interpretation of history.

(2.) The exchange value of commodities depends upon the amount of socially necessary labor-time required to produce them. This is the labor-cost theory of value.

(3.) Although the working class, the proletariat, create all wealth, their wages tend to equal the bare cost of living. As the rich grow richer the poor grow poorer, and ever sink deeper in the slough of pauperism. This is the iron law of wages or the theory of increasing misery.

(4.) The capitalists, the bourgeoisie, take the greater part of the values created by the proletariat in the form of rent, interest, and profits. This is surplus value, obtained by exploitation or robbery.

(5.) The introduction of labor-saving machinery and improved methods of production creates a vast reserve army of the unemployed, and impoverishes the whole working-class, while the capitalists accumulate a mass of commodities which they can neither use nor sell. The result is chronic over-production and under-consumption, with periodical crises, which threaten the very existence of the capitalistic system. This is the theory of crises taught by Rodbertus, Marx, and most orthodox socialists.

(6.) The unceasing improvement in machinery and methods of production causes industry to be conducted on a larger and larger scale, and wealth to be concentrated in the hands of a few magnates. This is the law of the concentration of capital.

(7.) As this process goes on, the small manufacturers, shopkeepers, craftsmen, and peasants, sink gradually into the proletariat, being ground to pieces between the upper and the nether millstone. This is the approaching elimination of the middle class.

(8.) Soon there will be only two classes left:

capitalists and laborers, bourgeoisie and proletariat, the robbers and the robbed. But the proletariat, the more numerous class, becoming conscious of their strength, will seize the political power and inaugurate the social revolution.

(9.) When the proletariat have done this they will gradually or speedily abolish capitalism by organizing industry on the basis of a common ownership and management of the means of production with an equitable distribution of the product, so as to abolish poverty and all the other evils of capitalism.

(10.) After the advent of socialism, human character will adapt itself to the ideal environment; all men, or nearly all, will be industrious and virtuous; and an era of peace, prosperity, and happiness will prevail until the end of time.

(11.) The social revolution is coming and nothing can prevent it.

The Partial Dissenters.—The "higher critics" of socialism—among whom are Bernstein of Germany, Vandervelde of Belgium, Tugan-Baranowsky of Russia, Hardie and MacDonald of England, Spargo and Hillquit of the United States—by no means accept all of the orthodox creed, but reject certain doctrines and modify others, until there is little difference between them and the unbelieving reformer or the uncon-

verted professor of political economy. And yet, in their public utterances, they often speak and write like true believers, as though the rank and file of the socialist army should not know how little of the old faith remains intact. Much of the propaganda literature contains the old crude doctrines expressed in the old familiar way, misleading but effectual in bringing about "class consciousness" and "solidarity" among the working class. Truth is sacrificed to political tactics and the end is used to justify the means—and that by socialists who know better. Thus the Roman augurs used to wink at one another when they met, but turned a sober face to the superstitious common people.

For example, these enlightened socialists know that economic forces are not the only factors in social evolution, and that the class struggle is not the only way to better things.

They admit that the wage-earners are not the sole creators of wealth and productive ideas, and that the bourgeoisie, as a class, render great service to society in many ways.

They confess that the labor-cost theory of value is unsound, and that much of "surplus value" is but a fair return to capital and enterprise.

They find no law of increasing misery in capi-

talistic countries, as the condition of the working class is steadily, if slowly, improving.

They suspect the accuracy of the orthodox theory of crises, and no longer expect the capitalistic system to break down through overproduction.

They see that the concentration of production and wealth has its limits, and that the middle class is not disappearing, but increasing in numbers and wealth.

They are inclined to think that socialists may safely work with unconverted reformers for the half-loaf of partial betterment in social conditions.

They often teach that the social revolution may come, not as a sudden cataclysm, but rather by gradual process of industrial evolution.

Finally, aghast at the terrible doings in Russia, they repudiate the dictatorship of the proletariat, and even disown the revolution, their own child, as an untimely birth, and because it has, contrary to expectation, both teeth and claws.

But these intellectuals, with all their doubts, still wish to remain within the fold, still hold to what they consider as the essentials of socialism, and, with possibly a little mental reservation, could honestly repeat a formula such as this: "I believe in economic evolution and the class

struggle. I recognize exploitation as the essential evil of capitalism. I believe in the proletariat. I look for the social revolution, the regeneration of man, and the peace and prosperity of democratic collectivism."

II

THE SECTS OF SOCIALISM

Although socialists of every belief have much in common, they are by no means agreed on all points of theory and practice, and there is serious contention and division among them. The body of doctrine which they profess has four main parts or aspects: first, it is a criticism of the present industrial order; second, a philosophy or theory of social evolution; third, a plan or ideal of a new social order; and fourth, a propaganda or campaign for the destruction of capitalism and the setting up of the social commonwealth.

Practically all socialists are agreed in their hatred of capitalism, the evils of which they delight to expose, as though it were the sum of all iniquity and the cause of all the troubles that afflict the world. To be sure, Marx regarded capitalism as a necessary stage in social evolution, even as some theologians regard Satan as a necessary evil and part of the divine order when seen from the long-time point of view.

Socialism, as a theory of social evolution, is the materialistic or economic interpretation of

history and the theory of the class struggle which is part of it. This, together with the theories of value and surplus value, forms the center and core of "scientific socialism." A few years ago the followers of Marx were generally agreed as to this, but since it has been under fire of the higher critics or revisionists, as well as the economists, some socialists have been much in doubt as to the scientific basis once thought so secure.

But it is on the third point that socialists differ most, for when they come to set up a social ideal, the likes and dislikes of no two persons are the same. "Concerning tastes there can be no dispute" runs the proverb, because such questions cannot be decided by argument but by personal choice alone.

Some socialists prefer the fanciful schemes of the utopians; some love to think of the New Jerusalem, the City of God; some glorify state socialism; some swear by syndicalism, industrial unionism, or national guilds; and some would have so little of state control as to come very near the ideal of anarchism. In these disputes about the Golden Age, which every man creates for himself, the scientific side of socialism goes into the background, the utopian comes to the fore, and the imagination is given free rein. In fact, the Russian socialist, Tugan-Baranowsky,

freely admits that socialism is more utopian than scientific, holding that its utopianism is the chief source of its strength. [1]

Propaganda and Tactics.—Finally, on the fourth point—propaganda and tactics—there is much difference of opinion, as there must be among men of various types and temperaments. Some, like the utopians, think that the beauty and attractiveness of their ideal plans will convert the world. Others, like the Fabians, expect the new age to come little by little, and are willing to wait for the mills of the gods to grind out their grist. Still others, like the evolutionary Marxists, believe that the revolution will come by the proletariat's peacefully voting themselves to power; while the more impatient demand direct action, and the violent-minded favor a bloody insurrection.

The sects of socialism, then, though having a common creed, differ widely in their ideals of the future and in their selection of ways and means, and there is no prospect of unity in plan and purpose.

Utopian Socialism.—Utopian socialism, as the name implies, is something fanciful, and varies with the imagination or caprice of the poet, philosopher or prophet who dreams about a better world. Utopia, or the land of nowhere,

[1] Tugan-Baranowsky, *Modern Socialism*, Preface.

was an imaginary kingdom described by Sir Thomas More, a great English scholar and statesman of the sixteenth century. More got his inspiration from the Greek philosopher Plato, whose "Republic" was the first of the utopias. It is worth noting that Plato, realizing the impossibility of his ideal, wrote another book, "The Laws," in which he described a second-best state, not very different from his own Athens, which he thought might be successful with human beings as they were. It might be well if socialists of the present day were as wise as Plato.

"Scientific" socialists are inclined to regard all the predecessors of Marx as utopians. Saint Simon, therefore, in some respects a greater man than Marx, is classed as utopian, although he anticipated the Marxian theory of social evolution and was one of the founders of state socialism. Fourier, another French socialist, is put in the same class, although he had many brilliant ideas and was the father of internationalism in that he suggested a federation of the world. Robert Owen, who established a model factory at New Lanark, in Scotland, and later spent his time and money in promoting experimental communities in New Harmony, Indiana, and elsewhere, is called utopian, although he was one of the founders of the common school, did much

for factory legislation, and was a pioneer in efficient management.

Many other noted socialists are classed as utopian because, without a "scientific" basis for their theories, they thought that they could invent a workable scheme of social organization, and put it into operation without waiting until the time was ripe and the people ready for the new order of things. All of these laboratory experiments have failed, as might have been expected, and Marxian socialists have trouble in explaining why they failed without suggesting the probable failure of their own brand of socialism, when tried on a national or international scale.

It is easy to call these men utopians, and thus condemn them with a name, but if all their contributions to socialism were taken away, there would be nothing left but a few discredited "scientific" theories. On the other hand, when the "scientific" part of Marxism is refuted or explained away, it is the utopian residue that constitutes the chief strength—or weakness—of modern socialism.

Christian Socialism.—Christian socialism is not socialism at all, from the Marxian point of view, for the Christian does not believe in the materialistic interpretation of history, nor in the class struggle, nor in the social revolution, nor

does he exalt the proletarian because he is poor, nor condemn the rich because he is rich. The Christian Church, in so far as it is like its Founder, is the friend of the poor, but preaches the gospel to rich and poor alike, laying chief stress on character, though seeing also the need of improved conditions of life.

Christian socialism goes back to the early Church, when the disciples "had all things in common," but the first great writer on the subject was Saint Thomas of Aquinas, who is a high authority to-day, especially in the Roman Catholic Church. He taught that in an ideal state private property would be necessary,—first, because of the interest which the owner takes in the management of his property; second, because it tends toward a better organization of production; third, because private industry is carried on with less of that wrangling and conflict which results when property is held in common. On the other hand, no man should regard the fruits of industry as wholly his own, but should share with his neighbor in the spirit of true brotherhood and friendliness. According to Saint Thomas, all property belongs to God, and should be held as a trust for the glory of God and the good of man.

Modern Christian socialists have not gone far beyond the teachings of Saint Thomas, except in

their application to present conditions. They usually favor reasonable labor legislation, living wages, and harmony between employer and employee based on mutual good will and fair play. In other words, they are social reformers rather than socialists, placing the emphasis upon character rather than material environment, though recognizing the importance of both.

The followers of Marx do not conceal their contempt for Christian socialism. In fact, they are usually against the Church, and many, if not most, are also anti-Christian. In the Communist Manifesto Marx said: "Nothing is easier than to give Christian asceticism a socialist tinge. Christian socialism is but the holy water with which the priest consecrates the heart-burnings of the aristocrat." [1]

The great German socialist, August Bebel, is even more outspoken, thus: "We aim in the domain of politics at republicanism; in the domain of economics at socialism; and in the domain of what is to-day called religion at atheism." [2]

The well-known English socialist, Belfort Bax, designated the religion of socialism as "atheistic humanism"; and another great English socialist, H. M. Hyndman, said: "Christianity is anarchism, not socialism;" and again:

[1] *Manifesto of the Communist Party*, by Karl Marx and Frederick Engels, p. 45. (Ed. Kerr & Co.)
[2] Towler and Ray, *Socialism, Its Promise and Failure*, p. 73.

"Socialism is the only religion left; Christianity is practically dead!" [1]

The question is well summed up by Professor Robert Flint, thus: "What is called Christian socialism will always be found either un-Christian in so far as it is socialistic, or un-socialistic in so far as it is truly and fully Christian." [2]

Fabian Socialism.—Fabian socialism is an English variety, deriving its inspiration from Marxism, but more evolutionary than revolutionary in character. The Fabian Society was founded in the year 1884 by a number of literary people, and has had among its members some notable men and women, including Mr. and Mrs. Sidney Webb, G. Bernard Shaw, Frank Podmore, Annie Besant and H. G. Wells—some of whom have since wandered rather far from the fold. The name chosen alluded to the celebrated Roman general, Fabius Maximus, called the "Delayer," who, in the war with Hannibal, chose to retreat and avoid battle in the hope of wearing down the enemy until he could strike and strike hard.

The Fabians, questioning some of the Marxian theories, and doubting the wisdom of Marxian tactics, believe that socialism will come through compromise as well as struggle, even as

[1] Towler and Ray, *Socialism, Its Promise and Failure*, p. 218.
[2] Robert Flint, *Socialism*, p. 441.

the British constitution has grown, little by little, to the model of democratic government. They wish to work through the regular political parties, obtaining what concession they can, and spreading socialist doctrines by "peaceful penetration."

The Fabians hope to bring about socialism by the gradual extension of municipal and national activity, until all of the land and most of the nation's capital shall be owned and managed by the state through highly trained and competent civil servants. Fabianism, therefore, is state socialism, as conceived by a group of English "intellectuals" who believe that socialism will come gradually and peacefully, and that they, or their kind, will be able, before and after the revolution, to keep the unleashed proletariat well in hand.

State Socialism.—State socialism is of Prussian origin, although, like Marx himself, it has found a home in England. According to this way of thinking society is to be so organized that all or nearly all business will be carried on by the state—that is to say, by the local, state, or national government, as the case may be.

Most socialists deny that they favor state socialism, but that is because they think of the state as an undemocratic, exploiting minority—the capitalist state. When, therefore, they find a

country like New Zealand, owning and operating the railways, the telegraph and telephone lines, carrying on the business of insurance, coal mining, the fixing of wages, and many other activities usually left to private enterprise—they are inclined to suspect and condemn this sort of thing, because, as they say, that state is still in the hands of the capitalist class and the civil servants appointed by them.

W. E. Walling says that this is not state socialism at all, but "state capitalism;" and Hilaire Belloc believes that the final outcome of that would be a new and unbearable form of tyranny, which he well names the "Servile State."

But when, in the revolution, the working class seize the political power, and the capitalist state "dies out," as Engels says, it must be replaced by the organized workers, the new government—the socialist state. And in so far as the socialist government, whether central or local, carries on business affairs by public authority, there will be a greater or less degree of state socialism.

Socialists are usually very chary about describing the probable activities of the socialist state, not knowing what the workers will do after the revolution, and fearing to indulge in utopian prediction. Yet some consideration of the subject is forced upon them, otherwise they must

stand convicted of wishing to take a leap in the dark.

State socialists, at least, have a rather definite idea in mind—the collective ownership and operation of all the means of production under the direction of public authority, local, state, or national, according to the nature of the industry and other circumstances. Naturally, the local government bodies would take over local industries, and the national authorities would manage those of national size and scope, as they do now to some extent. State socialism involves merely the extension of present governmental activities until practically all business shall be carried on by public authority, that is to say, by the state.

Then most workers would be civil servants attached to the local, state, or national governments. Also, inasmuch as business activities are closely related and tied together, there would necessarily be a strong and highly centralized national government to which the local authorities would be subordinate—otherwise there would be conflict, disunion, and anarchy. For the same reason, the central government must have the power to tax, to draft men for the army and navy, and to draft workers for the industrial army.

As to the way of electing the officials of the socialist state, there is much difference of opinion;

but, as Hillquit says—it is usually held that they will not be elected by general popular vote, but will be chosen by the members of each trade or calling.[1] However that may be, the very idea of state socialism carries with it the thought of a vast bureaucracy of higher and lower civil servants, with departments, divisions and subdivisions, chiefs and subordinate officers, and a great multitude of the rank and file whose place and work would be assigned to them by authority over which they would have little or no control.

It is hard to imagine and unsafe to predict in such matters, but the more one thinks of state socialism the less attractive it seems, until its democratic features fade away, and it takes the appearance of incompetent and insufferable tyranny. Many socialists, seeing this, are alarmed and disconcerted, and frequently turn to the opposite extreme of syndicalism and anarchism.

Syndicalism.—Syndicalism, or revolutionary unionism, arose in France as a reaction against the Prussian conception of state socialism and the political methods connected therewith. It got its name from the syndicates, or labor unions, especially those composing the General Federation of Labor, the "C. G. T.," formed in 1895. It derived its inspiration from the revolutionary traditions of France, the writings of French

[1] Morris Hillquit, *Socialism in Theory and Practice*, p. 142.

socialists, and the activities of the trade unions.

Trade unionists in France, as in other countries, constitute a minority of the working class, and those who favored socialism naturally despaired of obtaining it by political methods. Also, they resented the leadership of the "intellectuals," who, like Millerand, frequently lost their revolutionary faith and fervor, and went over to the bourgeois parties. Then, too, they distrusted the intellectuals as mere theorists and mild-mannered gentlemanly socialists, who shrunk from violence and opposed revolution by insurrection.

Political methods were too slow and complicated for the revolutionary unionists of France, who, preferring to play their own game, insisted that more could be accomplished by "direct action"—sabotage, the boycott, the union label, the general strike—which, if repeatedly practised by the united working class, would soon bring the capitalists to their knees.

Sabotage.—Sabotage is soldiering, going easy, doing bad work, spoiling materials and machinery, "striking on the job," and trying in every way to make it impossible for the employer to carry on business.

Boycotting is a concerted refusal to deal with an offending employer, especially refusing to buy his goods. The union label is a sort of nega-

tive boycott, for unionists are advised to buy no goods except those declared "fair" by the label attached to them.

The General Strike.—All of these are more or less powerful weapons of union labor, but the general strike is the most formidable of all, the most perfect expression of the solidarity of the working class. Realizing the futility of local and occasional strikes, the syndicalists wish to bring about, on call, a complete cessation of work, which would, they believe, paralyze industry, ruin the employers, make the working class supreme, and usher in the social revolution.

The general strike is a universal sympathetic strike, and would, if carried out according to the intention, be most disastrous to any country, especially to those having large cities dependent on the continuous operation of industry for all the necessaries of life.

However, the general strike, like the traditional boomerang, is a dangerous weapon for the working class to use, as it would probably do more harm to them than to the capitalists against whom it might be directed. Also, it would be foolish for the workers to use it as, if they were in the minority, it would fail; and if they were in the majority, they could attain their ends by political means and set up socialism at any time. For all that, the syndicalists expect to use their

terrible weapon when the time comes and believe that it will bring about the desired results.

After the revolution, the syndicalists think, the unions, with their federations, will remain as the structure and organization of industrial society; so there will be no radical change in the economic system, but only a transfer of control. The ideal society, then, as Levine puts it, is not a scheme or a utopia, but something gradually evolved by the unionist movement, and prepared by the social struggles of to-day.

The Industrial Union.—The trade union organization is, of course, not a scheme or utopia, because it exists to-day as a part of the industrial system; but the assumption that the structure of future society will be along the same lines would be decidedly utopian if it were not so lacking in imagination.

At any rate, the syndicalists, in view of recent economic development, especially in America, have been obliged to change their views. Instead of making the trade union the basic unit of the collective commonwealth they now say that the industrial union will be the primary organization, with local chapters and trade unions subordinate to it—much as now.

If this prophecy is fulfilled, the farm laborers will manage the farms, the miners the mines, the railway employees the railways, the steel workers

the steel business, the sailors and dock laborers the shipping, the factory hands the factory, the wholesale and retail clerks the business of merchandising—and so on. To quote Levine again: "Their idea is to transform society into a federation of self-governing productive groups working together for the benefit of all with instruments belonging to society as a whole and under the supreme control of the community." [1]

Just how the community would exercise this supreme control, especially in case of conflict between the productive groups, the syndicalists do not clearly explain. Indeed, the problem is for them very difficult, if not quite unsolvable. If all power is to belong to the industrial unions, the results will be nothing short of anarchy. If, on the other hand, the community is to be really supreme, it will involve a high degree of centralization and state socialism. Between these extremes the syndicalist has great trouble in finding the golden mean. But the traditions and sympathies of the syndicalists lean strongly toward decentralization and anarchy.

The I. W. W.—The Industrial Workers of the World are American syndicalists. The organization was formed in Chicago in the year 1905 by a group of insurgent unionists, social-

[1] Syndicalism, Louis Levine, *North American Review*, July, 1919.

ists and anarchists, including W. D. Haywood, C. H. Moyer, W. E. Trautman, C. O. Sherman, Daniel De Leon (Loeb), A. M. Simons, Eugene V. Debs, Ernest Untermann, Vincent St. John, "Father" Thomas Hagerty and "Mother" Mary Jones.

The original idea was to have a double-barreled organization which should carry on the class struggle along both political and industrial lines. There was to be one great industrial union with subdivisions representing national and international industries and crafts. This was intended, evidently, to supersede the American Federation of Labor in the industrial sphere, and the socialist parties in the political field.

The socialistic character of the organization is clearly seen in the preamble to the constitution, which reads, in part, as follows: "The working class and the employing class have nothing in common. . . . Between these two classes a struggle must go on until all the toilers come together on the political as well as the industrial field, and take and hold that which they produce by their labor, through an economic organization of the working class, without affiliation with any political party." [1]

The direct actionist in the I. W. W. presently

[1] Paul Brissenden, *The Launching of the Industrial Workers of the World*, p. 46.

antagonized the more conservative socialists, like A. M. Simons, and before long got rid of De Leon and other socialists of the left wing also, who seceded and formed the Detroit, or "yellow" I. W. W., later known as the Workers' International Industrial Union. The Chicago, or "red" I. W. W., is now a syndicalist or semi-anarchist organization opposed to political action, favoring sabotage, the general strike, and other forms of direct action, and standing strongly for industrial as opposed to craft unionism.

Formerly, they attacked the American Federation of Labor from without, but of late years some of their leaders, like Wm. Z. Foster, have joined the regular unions for the purpose of "boring from within" and gradually converting them to socialist principles and tactics.

Guild Socialism.—Guild socialism is a typically English compromise between syndicalism and state socialism. It is in part an academic and utopian scheme of ideal society, in part a shrewd guess or prophecy, based on the supposed trend of political and industrial events.

The argument runs about as follows: We have in every country two sets of powers: the political, based on geographical or sectional lines, and the economic, resting on industrial divisions underlying and crossing the geographical. Therefore, we have a parliament or congress, elected by

states and districts, and an invisible industrial power or set of powers behind the scene, influencing and even controlling the political. These are the dark forces moving mysteriously in the background, about which Veblen has so much to say.

Why not, says the national guildsman, recognize the dual character of our government and freely admit that the industries of the country are as much entitled to representation in congress as the geographical or regional divisions? Let all the industries be federated into national guilds and let the guilds elect a guild congress which shall have control over the organization of production and related matters. Then let there be a regional congress, as now, representing the people as a whole, especially in their capacity as consumers or users of goods and services.

According to this arrangement, the guild congress, through the national guilds, will attend to production; and the other congress, presumably the supreme power, will see to it that the people are not robbed by particular guilds, and that the guilds do not quarrel too much with one another. All this will involve the fixing of wages and prices, equalization by taxation, and all the other features of state ownership and control.

Mr. G. D. H. Cole, one of the leading apostles of this movement, says: "The National Guildsman believes that industry ought to be controlled

by the workers engaged in it; but he believes also that the State ought to own industry, and that popular control must be established over the machinery of State" [1]

Here Mr. Cole lets the cat out of the bag and, when free from its syndicalistic and anarchistic disguise, guild socialism appears in its proper shape as Fabian State Socialism.

Guild socialism appeals strongly to many people, not so much because they favor socialism, as because they feel that the manufacturing and commercial interests of the country, the trade unions, churches, charitable societies, and the like, should have direct and acknowledged representation in Congress, and not be obliged, as now, to hover in the background, trying to persuade the representatives of the people that theirs is the only point of view.

Perhaps it would be well to bring the so-called "dark forces" out into the open light of day, although it must be clearly understood, as in the national guildsmen's scheme, that the regional congress, representing the people as a whole, must be supreme. Apart from that, the proposed national guilds are not very different, in form and function, from the Russian soviets.

Bolshevism.—Bolshevism is an outgrowth of the Russian Social Democratic Party, which in

[1] G. D. H. Cole, *Guild Socialism*, "Living Age," July 26, 1919.

the year 1903, split into two branches: the Bolsheviki (meaning the majority) and the Menshiviki (meaning the minority). The Bolsheviki, who were really in the minority from the revolution of 1905 to that of 1917, were the more radical group and held that Russia could have socialism without first passing through the industrial stage—could leap over the wall, as it were, without going through the gate of capitalism.

The Menshiviki, on the contrary, many of whom were "intellectuals," held to the typical Marxian view that Russia, or any other country, must pass through the preparatory stage of capitalism before it would be "ripe" for the revolution, and that a premature revolution would perish like an untimely birth.

After the revolution of March, 1917, the influence of the Bolsheviki in the army and in the Petrograd soviets constantly increased, until, on November 7, they seized the reins of government, and, under the leadership of Lenin and Trotzky, they set up the soviet government, or the "dictatorship of the proletariat."

Since that time a bitter dispute has been going on between the moderate socialists and the Bolshevik revolutionists as to which are the true and orthodox followers of Marx. The Bolsheviki regard the moderates as reactionaries, and persecute them as traitors to the revolution.

The moderate socialists, on the other hand, regard the Bolsheviki as dangerous heretics, carried away by revolutionary fervor. Their chief error lies in thinking a permanent revolution possible in Russia at the present time; but they are also accused of denying democracy in that they have dissolved the Constituent Assembly, suppressed freedom of the press and free speech, persecuted their socialist comrades, and, finally, set up a dictatorship of the proletariat different from the Marxian model. The moderates say that the Bolsheviki are the true reactionaries, because they have brought ruin to their country and indefinitely postponed the coming of real, permanent, successful socialism.

Marx a Dual Personality.—It is interesting to find the pot calling the kettle black, as the conspirators blame one another for the failure of their plans. As to their spiritual father, Marx, the truth is that he was a dual personality, whose writings are both evolutionary and revolutionary, and are susceptible of diverse and even contradictory interpretation, according to the disposition and purpose of his readers. As Mohammedans of every sect appeal to the Koran, so socialists of every faction find texts in Marx, with or without the context, to support their views.

For example, in the "Critique of Political

Economy," published in 1859, Marx affirms: "No social order ever disappears before all the productive forces for which there is room in it have been developed; and new and higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society." [1]

The Communist Manifesto, on the other hand, published in 1848, breathes the spirit of conspiracy for a violent and sudden revolution; and in the Neue Rheinische Zeitung, in the year 1849, he wrote: "When our time comes, revolutionary terrorism will not be sugar-coated. . . . There is but one way of simplifying, shortening, concentrating the death agony of the old society, as the bloody labor of the new world's birth—revolutionary terror." [2]

The Bolsheviki, then, may be taken to represent the earlier and more revolutionary form of Marxian doctrine, while the moderate socialists represent the later and saner Marx, who had toned down and even repudiated some of his former teachings. Once he said, half in jest: "I am not a Marxist." It is no wonder, then, that there are Marxists and Marxists of numerous factions, all taking from Marx what suits them,

[1] *A Contribution to the Critique of Political Economy.* Author's Preface.
[2] Cf. V. G. Simkhovitch, *Marxism versus Socialism*, p. 194.

and rejecting and even denouncing what they do not like.

Notwithstanding all that the moderate socialists have said in repudiation of the Bolsheviki, there can be no doubt that Professor Ely is right in saying: "There is no mystery about the nature or the intellectual authority of Bolshevism. It is simply Marxian socialism, as Lenine and his associates have told us innumerable times." [1]

Communism.—Communism, as the name implies, is opposed to private ownership of property, holding that practically all property should belong to the community and be administered for the good of all, whereas the more moderate socialists favor the socialization of capital only, leaving personal property in private hands. Communism is the extreme form of socialism, but there is also a form of anarchism known as communist-anarchism, which includes most of the anarchists.

Socialists usually object to being called communists, but it is noteworthy that Marx and his associates called themselves communists, that the Bolsheviki of Russia, the Spartacans of Germany, and many radicals in the United States and other countries call themselves by that name.

The first use of the word "socialism" in Eng-

[1] R. T. Ely, *"What is Bolshevism?"* "Review of Reviews," November, 1920.

lish is found in the Poor Man's Guardian in 1833, after which it was commonly used to designate the followers of Owen and Fourier. The word "communism" is said to have been first used in Paris in the year 1840 as applied to the followers of Babeuf, then called "equalitarians." In the Communist Manifesto of 1848, Marx and Engels apply both names to their predecessors, but seem to have preferred to call themselves communists.

Later the word socialism became more popular, perhaps because of its milder meaning, while the word communism was applied to extreme socialism and to those socialists who, like Owen and Fourier, favored the trying of collectivism in small experimental communities before launching it on a national or international scale. Now, however, socialists of the extreme left everywhere call themselves communists, and there can be no doubt that most forms of socialism have a strong leaning toward communism.

Anarchism.—Anarchism is the name given to the theory that all governments are wrong and unnecessary. Anarchism is extreme individualism, and its advocates are bitterly opposed to the forcible control of man by man, whether by government or by the power of property.

The anarchist-communists, who are the most common kind of anarchists, especially in Russia,

would abolish the State and all forms of private property. In place of the State they would have voluntary associations, and even federations of associations, but with no compulsory powers. People could be trusted to act wisely and to do right because man is by nature a rational and moral animal.

As to work and production, there is to be no compulsion; but most anarchists, like Kropotkin, believe that it could be made pleasant and desirable. Property is to belong to the community, the members of which may take such goods and services as they can use. "From every one according to his ability; to every one according to his needs."

Socialists say that they have little in common with anarchists, but this is not altogether true. Not only do they agree in their condemnation of capitalism, but in their thought of the ideal society they are not so far apart as may appear. Of course, *state* socialism and anarchism are as far apart as the poles.

At any rate, many socialists and all syndicalists abhor state socialism, and would organize society on the basis of unions, guilds, soviets or other associations, with a maximum of voluntary cooperation and a minimum of state control. There are strong anarchistic tendencies in socialism, which make it hard to tell, in the examina-

tion of ideals, where socialism ends and anarchism begins. Anarchism is the despair of socialists, but state socialism is their nightmare.

Socialism Different in Every Country.—Socialism or collectivism—for the words have the same meaning—is a religion of many sects, but when all of them are mentioned and described, the story is only half told. Socialism is different in every different country, according to racial temperament, national ways of thinking, personal peculiarities, economic conditions, and all that.

In Germany there is a leaning toward state socialism of the Prussian type. In France socialism is revolutionary, idealistic, and anarchistic. In England it is cautious, compromising, and experimental. In Belgium it is largely co-operative. In Spain and Italy it is extreme and violent. In Russia it is revolutionary, visionary, and anarchistic, although the Soviet government is a centralized dictatorship resembling state socialism.

The varieties of socialism in every country are numerous and perplexing, with a tendency to divide and subdivide on slight provocation. In Russia, for example, there were before the revolution two main divisions, the Social Democrats and the Socialist Revolutionists, each split into several sections. Of the Social Democrats there were the Bolsheviki and the Mensheviki, the lat-

ter being in two groups, the Nationalists and the Internationalists. Trotzky was formerly an International Menshevik. There were also the Unified Social Democrats and the Populist Socialists.

Similarly, the Socialist Revolutionists, originally a peasants' party, were divided into the Right, the Center, and the Left. Kerencky was a Socialist Revolutionist of the Right, or conservative wing. Katherine Breshkovskaya was a Revolutionist of the Left, or extreme wing, advocating violence and terror. Strange to say, the "Grandmother of the Revolution" refuses to acknowledge her grandchildren, the Bolsheviki.

American Socialist Parties.—In the United States there were formerly two main socialist parties—the Socialist Labor Party (1877-) and the Social Democratic Party (1898-), later merged in the Socialist Party (1901-), now by far the larger body. The war caused a split in the Socialist Party, the pro-war minority resigning and forming the Social Democratic League. In 1919 the Socialist Party again split into two parts—the Left Wing forming itself into the Communist Party. Presently this gave birth to the Communist Labor Party, after which both parent and child became affiliated with the Moscow or Third International. The Socialist Party also has leaned toward the Soviet government,

especially since it lost its best "intellectuals," including Spargo, Walling, Ghent, Stokes and Russell, but of late it has lost most of its enthusiasm because of the intolerance of the Moscow International.

In addition to these groups, which might change at any time, are the I. W. W., representing American Syndicalism; the Nonpartisan League,[1] inclining toward state socialism or state capitalism; the National Labor Party (1919-), representing insurgent or socialistic unionism; and the Farmer-Labor Party (1920), a semi-socialistic alliance of the National Labor Party with several other radical groups.

It would be possible to give a similar list of socialist factions in every country, which would merely serve to emphasize the unscientific character of "scientific" socialism. With all their pretensions to scientific spirit, method and results, the socialists' stock in trade consists chiefly of intemperate criticism of things as they are, and a glowing description of the future world as they see it in their dreams.

[1] See Appendix.

III

THE ECONOMIC INTERPRETATION OF HISTORY

What student of history has not felt the need of an interpreter? History is frequently little more than a chronicle of events that follow one another like moving pictures, operated by machinery that we do not see, controlled by motives that we cannot understand. Karl Marx, with his materialistic or economic interpretation, professes to admit us behind the scenes, where we may get a glimpse of the power that runs the show, and understand the moving principle of social evolution.

But why should the procession of the ages be intelligible to man? Evidently, says the philosopher Hegel, because the world itself is the expression of that reason which is the essence and soul of it. The mind of man is the reflection or counterpart of universal reason. Man is the measure of all things, because he was made in the image of God—the absolute. History is the unfolding of the divine thought in the world, which man can understand because his own thought develops in the same way.

Logic, with Hegel, is the universal science, for the process of thought is the process of evolution. Thought advances by a series of denials, struggles and compromises. We discover a truth, and then another truth so different that it seems to contradict and quarrel with the former. Presently, getting more knowledge, we see that both are opposite sides of a larger whole. Then the new principle guides us until we find it opposed by another, which again leads to the discovery of a still higher law—and thus knowledge grows from more to more.

The Hegelian Method.—This way of thinking is the celebrated dialectic method of Hegel, which consists in looking for apparent contradictions in truth, and then finding a compromise or reconciliation in a broader and higher principle. The first thing is the thesis; the second the antithesis; and the third the synthesis. "Thesis, antithesis, synthesis" is at once the formula for mental development and for the general process of human evolution. History, therefore, according to Hegel, can be a science, a rational explanation of social life and progress.

Karl Marx was a disciple of Hegel and at the same time an opponent of his system. Hegel's views concerning the ideal development of society were foolishness to Marx. By Hegel reason was placed at the beginning of things; by

Marx it was placed at the end of material evolution, reflecting the world because it is the product of the world. Thus Marx turned the dialectic of Hegel upside down, placing it, as Engels says, upon its feet instead of on its head. Thus Marx says: "It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness." [1]

Material evolution, then, is the foundation of social evolution, and the key to the interpretation of history. Yet while Marx rejects the idealistic philosophy of Hegel, he does not get rid of the Hegelian dialectic way of thinking, but is always looking for negations, contradictions and conflicts, not only between the ideas in his own mind, but between opposing forces in society from the earliest times until the present day. The theory of the class struggle, therefore, is the most vital part of the materialistic interpretation of history.

The Marxian Theory.—According to Marx, every state or stage of human society, like the rest of the universe, is unstable and forever changing, because it has within it all the elements of its own destruction, opposing forces that will break it up, only to form a new and higher con-

[1] *Contribution to the Critique of Political Economy.* Author's Preface.

dition, until contradictions and conflicts shall cease in the perfect harmony of democratic collectivism.

Perhaps the best statement of the Marxian theory of history is that given by Engels, who puts it thus: "In every historical epoch, the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained, the political and intellectual history of that epoch; that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes." [1]

Here, as Seligman, Skelton and others have shown, are two quite distinct interpretations of history: the one a general theory that all social events may be traced to economic causes; the other a particular application of Hegelian method—the theory of the class struggle.

The theory of Marx is really an extension of the theories of writers like Montesquieu and Buckle who laid stress on geography, climate, and other features of man's physical environ-

[1] *Preface to the Communist Manifesto*, by Frederick Engels, January 30, 1888.

ment. It is but a step, of course, from the material environment to the methods of production and distribution which, according to Marx, are the chief factors in determining man's social, political, legal, philosophical, scientific, literary, artistic and religious life.

Applications.—Unquestionably, the principle of economic interpretation throws much light upon the pages of history. As Morgan has shown, the life of primitive man was largely determined by certain economic factors—the discovery of fire, the invention of pottery, the domestication of animals, the use of tools and weapons of various kinds. Historians speak of the ages of stone, bronze and iron; of the hunting and fishing, the pastoral, agricultural, commercial and industrial stages of civilization; and it is clear that these are to be regarded as primary features of social evolution.

A few illustrations will show the application of economic interpretation to the explanation of the facts of history, by socialists and other adherents of the theory.

When people lived by hunting and fishing, they wandered about in small bands under the leadership of chiefs whose authority was very slight. They lived in caves or temporary shelters, and their family life was most primitive. They carried on ferocious wars, usually slaughtering

their prisoners. Their moral and religious life was determined by the necessities of their physical environment.

Pastoral tribes are more numerous than those in the lower stage, because they have more to eat. They are migratory, because they must find pasture for their sheep and cattle. They go in large bands, under chiefs or patriarchs, and often have slaves whom they can use and control. They worship the heavenly bodies, for they usually live in the open plains.

Agricultural people, on the other hand, live in one place, build houses and fenced cities, own land, are peaceful, and carry on chiefly defensive wars. They maintain standing armies, have kings or other permanent rulers, pay taxes, and keep many slaves. They are strongly bound by custom and tradition, develop a complicated religious system, and in time acquire a knowledge of arts and sciences, accumulating civilization as they accumulate property.

The migrations of ancient times, it is said, were chiefly for the sake of acquiring hunting grounds and pastures for cattle; for lands, houses, slaves, and plunder of every other kind. The decline of the Roman Empire was due to excessive taxation and the ruin brought upon the small farmers by the latifundia or great estates. The Crusades were caused by the interference of

the Turks with the Eastern trade of Venice and Genoa.

Modern Examples.—Similar economic interpretations could be multiplied without end, usually containing a modicum of truth, but showing little appreciation of the complexity of social forces. The English constitution, in this view, was the result of resistance to taxation on the part of the barons and the free cities. The Revival of Learning was the economic awakening of western Europe. The Protestant Reformation was a rebellion of parts of Europe against the sale of indulgences and other exactions by the Church. The Spanish, French, and English alike came to America in search of gold. The American Revolution was fought as a protest against arbitrary taxation, and for liberty of trade. The French Revolution was the rebellion of the people against the tyranny of the landed aristocracy.

The War of 1812 was fought to secure freedom in neutral trade. The invention of the cotton gin fastened slavery upon the South for more than two generations. The people of the North objected to slavery because it was not profitable there. The protective tariff and the slavery question were the chief causes of secession sentiment in the South. The Cuban War, it is said, was promoted and provoked by the sugar inter-

ests for their own advantage. An underlying cause of the late World War was a commercial struggle between Germany and England. The foreign policy of all modern nations is governed chiefly by considerations of commerce, and every one of them is, in the words of Napoleon, "a nation of shopkeepers."

Within a given nation, socialists say, the government and the whole legal system has been created by the ruling classes for their own advantage. The prevailing system of morals is merely "bourgeois morality," designed consciously or unconsciously for the protection of property and the personal rights of the capitalist class. The Church, the schools and most societies are bulwarks of capitalism; and most clergymen, teachers, physicians, lawyers, and other professional people, are mere parasites or hangers-on of the capitalist class. Religion, even, has been invented as a shrewd trick of the ruling classes to keep the people humble and patient for the sake of rewards in heaven, while in this world they live on the crumbs that fall from the rich man's table.

Complexity of Social Forces.—The economic interpretation of history, then, in its more general form, is an attempt to apply the methods of physical science to the study of history, by tracing all movements and events back to their

causes, and by reducing all the secondary causes to a single force—the economic. Because of this there is some reason for calling the Marxian system "scientific," as distinguished from the utopianism of earlier writers.

It reminds one, however, too strongly of the "economic man," that fiction of certain English economists by which they thought to make of economics a purely theoretical and exact science, like mathematics. This brave attempt was bound to fail, as it did, because the imaginary economic being, controlled almost wholly by the desire for gain, did not correspond to men as they are, even among such keen business men as Greeks, Jews, Armenians, Scotch and Yankees.

In laying so much stress upon economic motives, Marx lays himself open to the charge of taking a narrow and unscientific view of life, of trying to explain the whole of life by what is at most, only a part of it. "Is not the life more than meat, and the body than raiment?" The instinct of self-preservation is more fundamental than the economic instinct. Men desire economic goods for the sake of life, not life for the sake of the means of life.

Contradictions.—Indeed, when we consider man as he is, we find him a complex being of numerous instincts, which cannot be reduced to a single principle of feeling and action. The

reproductive instinct, certainly, is not economic in its character, and frequently, if not usually, takes first place in human thought and behavior. And yet, a philosophy of history based on the study of population and family life alone, however important, would be most one-sided and inadequate.

The religious instinct cannot be traced to an economic origin, and often, in the history of individuals and communities, it has determined life and action in opposition to obvious economic interests. The history of religious persecution is full of such instances, not to mention the positive effects of great religious movements on the course of history.

Instead of tracing Christianity, Buddhism, Mohammedanism, and other world religions, to economic causes, it would be more profitable to note the economic and political effects which have proceeded from them, as in the work of missionaries in undeveloped countries. Worth mentioning, too, is the effect of religious rest days upon industrial development, the taboo on meat on fast days in its relation to the fishing industry, and so on. One could almost invent a religious interpretation of history if one wished to carry the "scientific" method to such absurd extremes.

Non-Economic Instincts. — Other impulses, too, exist side by side with those already men-

tioned, and have much to do with the determination of human conduct. Such are the fighting instinct; the instinct of play; the love of ornament, of power, of place, of praise; ambition, pride and self-esteem; the artistic, musical, literary and dramatic instincts—the whole gamut of instincts, emotions and impulses which make up human nature.

Then there are racial characteristics, the dynamic energy of exceptional men, the conservative influence of custom, the stimulating power of eloquence, the suggestibility of the crowd, and a thousand and one other circumstances of which the historian must take note, although they do not agree with any single rule or formula. Life is highly complex, both in individuals and in society, and cannot be explained on a single principle, whether economic or otherwise. Indeed, in any true history, the human being as he is, with all the complexity of his nature, must occupy the center of the stage, as a force to be reckoned with, and any attempt to explain his action by any one single motive or cause must result in failure.

The very examples which the Marxians give may be used to show that their main proposition, while containing a large measure of truth, gives, at best, a partial explanation of historical facts and movements. The social life of primitive

peoples is by no means exhausted when we have fully described the way they get their living, nor can their behavior be altogether traced to economic conditions. In fact, economic conditions are often changed by human thought and effort, for man is not the passive recipient of progress, but the active creator of it.

Migrations, like those of the Germanic tribes who invaded the Roman Empire, while probably due chiefly to over-population of the northern lands and the pressure of enemies from behind, were perhaps inspired as much by the love of adventure, fighting, and military glory as by the desire to plunder the treasures of the civilized world. The decline of Rome may have been due to the loss of her best men in wars, to vice, disease, and the decay of the ancient religious and moral standards. The Crusades cannot be explained without taking account of religious enthusiasm; nor can the Reformation be understood without an appreciation of the power of religious motives.

The growth of the British constitution is a riddle to all who do not understand the sturdy, bulldog breed, that would not submit to the tyranny of either king or baron. Often, too, questions of taxation, both in England and America, were mere pretexts for self-assertion and rebellion.

The Revival of Learning was principally an intellectual awakening, the economic benefits of which, like the discovery of America, were effects rather than causes of the new spirit that animated the western world. The progress of science, art and literature proceeds chiefly from impulses scientific, artistic and literary.

Marxian View Narrow.—Government surely does reflect economic conditions to a great extent, whether it be monarchy, aristocracy, tyranny or democracy, but the ruling class must allow the main body of freemen to share its power, else its rule is likely to be of brief duration. Also, the masses usually obtain political power as soon as they are ready for it, and even sooner, as in the case of Mexico, Russia and other premature democracies.

Standards of morality cannot be separated from the actual conditions of human life, but to say that they always represent class interests is to take a very narrow view of age-long and world-wide principles. Of course, there can be no theft where there is no property; no murder where human life is not sacred; no adultery where there is no marriage; no wrongs where there are no rights.

To say that clergymen, teachers, and all other educated people are mere parasites and blood-suckers, is to make a grotesque caricature of

these torch-bearers of civilization, without whom the world would still be in the darkness of barbarism.

Humanitarianism is non-economic, and even anti-economic, in its character. Socialism itself, as a system of thought, and as a social movement, has proceeded from the aristocracy and the bourgeoisie, to whose economic interests it is bitterly opposed.

As to comparatively recent events in world history, while economic interpretation throws much light upon them, it is often misleading as well as partial in its explanations. There is no evidence to show that the sugar interests brought on the Cuban War, nor that the manufacturers of munitions were an important cause of the World War. Germany and England were business rivals, no doubt, and the economic interests of Germany and Russia clashed in the Balkans; but the war cannot be explained on these grounds alone. There were quarrels of long standing, racial animosities, dynastic ambitions, national aspirations, personal characteristics and many other factors in the situation.

Historical Explanation Difficult.—So complicated, indeed, is any historical combination, so variable the human and physical factors, so powerful and even explosive the forces, that there is no telling what will come out of it, and

no complete explanation of the results. Consider, for example, the probable course of the war if Germany had won the Battle of the Marne, if the cruisers Goeben and Breslau had not escaped from Messina, if the British had captured Gallipoli, if the *Lusitania* had not been sunk, if Kerensky had been a strong administrator, if Lenin and Trotzky had not been allowed to go to Petrograd, if the policy of the United States had been governed wholly by economic motives.

In view of such complexity, of the tremendous latent forces involved, of the influence of men, great and little, of great events arising by slight occasion, like a conflagration from the lighting of a match,—in view of all that is involved, practically no historians defend the crude economic interpretation of Marx and Engels; and some take the ground that the mechanical method of physical science is not applicable to history, as an historical combination is always new and unique, the result always containing something more than the sum of all the causes. Evolution, as the philosopher Bergson would say, is creative, and the explanations of the socialists do not explain.

And when we come to prediction, in which Marx and his school so freely indulge, the taking of such liberties with the future, the present being unknown, is neither historical nor scientific.

Professor F. M. Fling goes so far as to say: "It should be noted that prediction in natural science has nothing historical in it; natural science cannot predict the unique. History never repeats itself." [1]

Prophecy.—The future, if not absolutely dark, is so obscured that it is safer and more scientific not to prophesy. No doubt, if we knew all about the seed, we might predict the character of the tree, but how can we prophesy concerning seed that we do not understand, or a tree the like of which we have never seen?

If history repeats itself, progress is not to be expected; and if we are to hope for progress, how can we tell what kind of progress it will be. Besides, we are involved in the flow and whirl of things, and cannot gain a point of view from which to see the direction in which we are moving. The economic interpretation of history may throw some light upon the past, but the future is shrouded in mist, which those dim and partial rays cannot penetrate.

Economic prophecy, at best, is mere conjecture, and has not yet attained the dignity of scientific demonstration. A degree of probability might be claimed for it. But prophets do not all agree. The socialist may prophesy in a voluble and plausible way, while the capitalist,

[1] F. M. Fling, *The Writing of History*, p. 23.

with equal plausibility, may prophesy against him, and the future alone can settle the unscientific conflict of opposing probabilities. However, the capitalist has the advantage of defending a workable and working system, while the socialist, with childlike faith, is ready to take a leap in the dark.

The Class Struggle.—If the general theory of economic interpretation so poorly fits the facts of history, what shall be said of the more narrow Marxian theory that history is to be interpreted almost altogether in terms of the class struggle? The more general theory, as Professor Seligman has shown, might be held by an out-and-out opponent of socialism, but the theory of the class struggle is one of two main pillars of the Marxian temple—the other being the theory of exploitation or surplus value.

The general economic interpretation, with all its limitations and exaggerations is a fruitful conception; but the theory of the class struggle is a mere caricature of historical facts. As Professor Skelton puts it: "Just as the economic field is not as wide as human life, so within this field class struggle is not the sole form in which the influence of economic conditions is exerted." [1]

Economic Interpretation Rejected.—Marx's view of history was always narrow, crude, and

[1] O. D. Skelton, *Socialism, a Critical Analysis*, p. 110.

harshly economic, but Engels, in his later years, had to confess that he and Marx had made too much of the economic factor in social evolution. He wrote: "Marx and I are partly responsible for the fact that younger men have sometimes laid more stress on the economic side than it deserves. In meeting the attacks of our opponents it was necessary for us to emphasize the dominant principle denied by them; and we did not always have the time, place or opportunity to let the other factors which were concerned in the mutual action and reaction get their deserts." [1]

But Engels and all other orthodox socialists call their system "scientific" because of its economic interpretation, which, they believe, unveils the past, reveals the future, and assures the realization of their dearest hopes. Yet historians reject it; the higher critics explain it away; while the orthodox blindly hold it fast, not knowing what else to do. The case is well summed up by Professor Simkhovitch thus: "To-day, such is the irony of fate, the economic interpretation of history, while of great value to the historical student, is an unyielding and merciless steel trap in which so-called scientific socialism is caught and held." [2]

[1] Frederick Engels, letter dated September, 1890. Cf. Mazaryk, *Philosophische u. sociologische Grundl. d. Marxismus*, p. 104.

[2] V. G. Simkhovitch, *Marxism versus Socialism*, p. 46.

IV

THE MARXIAN THEORY OF VALUE

It has often been claimed that the labor-cost theory of value has no vital relation to the general body of socialistic doctrine, but, as L. B. Boudin, of New York, one of the most orthodox socialists, rightly says: "The Marxian theoretical system is one solid structure and cannot be properly understood unless viewed as a whole from foundation-stone to roof-coping. The system must be examined as a whole and accepted or rejected in its entirety, at least as far as the structural parts are concerned." [1]

In Marx's great book, "Capital," which should have been translated "Capitalism," he gives from his peculiar point of view—the point of view of economic or materialistic interpretation—an examination of capitalistic society designed to show the "prevailing mode of economic production and exchange," the particular form of robbery or exploitation belonging to capitalism, and the kind of class struggle which must arise out of the conflict of interests between the employers and

[1] L. B. Boudin, *The Theoretical System of Karl Marx*, p. 49.

the employed. In early times, Marx would say, we had slavery; later, serfdom; and now, under capitalism, we have "wage slavery," which will continue with increasing misery until the social revolution.

What Marx is really trying to show, then, under cover of certain teachings of Adam Smith, Ricardo and other English economists, is that the proletariat, the working class, do practically all the work, create all commodities and values, and yet pay an outrageous tribute to the bourgeoisie, the capitalists, who do practically nothing, yet live upon surplus value stolen from the proletariat.

Ricardo's Labor-Cost Theory Adapted.—In casting about for a weapon with which to smite the Philistines, Karl Marx found ready to hand the labor-cost theory of Ricardo, which, after some trimming and sharpening, he used against the economists themselves and other defenders of capitalism. Ricardo says: "The value of a commodity or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labor which is necessary for its production." [1]

Marx expresses the same idea in slightly different words and with a more narrow connota-

[1] David Ricardo, *The Principles of Political Economy and Taxation*, 1817, Chap. I, Sect. 1.

tion when he says: "Commodities in which equal quantities of labor are embodied, or which can be produced in the same time, have the same value." [1]

The problem is, to explain why commodities exchange, as they do, in certain ratios, quantity for quantity; why ten yards of cotton cloth exchange for one hat, four bushels of wheat, eight bushels of corn, five ounces of silver, or a quarter of an ounce of gold. Value is ratio in exchange, a relation of quantity, and any correct theory of value must show who or what it is that creates value, why commodities tend to exchange in certain ratios, and why market values fluctuate above and below the normal.

Marx's Adaptation.—It is clear, says Marx, that the cause and measure of value must be something which all commodities have in common but in varying quantities. They all have size, weight, color, and other physical properties, but these have no direct relation to value in exchange, but only to use-values. They all have use-value or utility, but this cannot be the cause of value, for "one use-value is just as good as another, provided only it be present in sufficient quantity." Therefore, there is only one other property which all commodities have in common, the fact that they are all produced by human labor.

[1] *Capital*, p. 6, Swan Sonnenschein, publisher.

Labor, then, must be the cause and measure of value. But the measure of labor is its duration. Therefore, the exchange values of commodities are determined by the amount of labor-time incorporated or materialized in them. But labor may be misdirected. Therefore, the labor which creates value must be "socially necessary," or properly applied to the creation of utilities. Thus Marx arrives at the conclusion that: "value is determined by the socially necessary labor-time that is required to produce an article under the normal conditions of production and with the average degree of skill and intensity prevalent at the time." [1]

Importance of the Theory.—Such is the celebrated labor-cost theory of value, one of the foundation stones of the Marxian system. Orthodox socialists are deeply concerned to prove it true, for if it can be shown that all values are measured by labor-time, or are proportional to the quantity of labor used in producing them, it must follow, they think, that labor is also the cause or creator of values. And if this is true, the employers and all the rest of the capitalist class are nothing but parasites and blood-suckers, drawing nourishment from the producers and giving nothing in return.

It should be noted, however, in passing, that

[1] *Capital*, p. 6.

the Marxians may be wrong in this chain of reasoning, for labor might be the measure of value but not the cause, or it might be the cause of value, but not the measure of it. In fact, now that the labor-cost theory is discredited, many socialists say that it has no essential connection with the proposition that labor is the chief factor in the creation of wealth and values.

At first glance the labor-cost theory has the appearance of a self-evident truth, but the more one considers it the more unsatisfactory and one-sided it appears. Certainly, it is not a general law of value explaining the exchange ratios of all things bought and sold, for Marx himself expressly excludes from the scope of his theory certain things which, by his own definition, must be classed as commodities.

Fatal Exceptions.—The theory may partially explain the value of factory products and other reproducible goods, but it certainly does not account for the value of land, particularly unimproved city lots. Such land can be exchanged for cotton, wheat, corn, hats, silver or gold, and must therefore have some property in common with them all, which is the cause and measure of their value. But it cannot be labor-cost. for land is a gift of nature.

True, land would have no value if people did not live and work in the neighborhood, but in so

far as the particular land in question is concerned, no labor-time has been applied to it, and society, which gives it a value, stands to it in the relation of consumer rather than of producer. Marx himself is conscious of this difficulty and tries to evade it by saying that land is not a commodity, and by the still more absurd statement: "An object may have a price without having value; for instance, the price of uncultivated land, which is without value because no human labor is incorporated in it." [1]

The Marxian theory is equally incompetent to account for the value of labor-power itself, which is a commodity, in so far as it is bought and sold, and stands with wheat, silver, and all other commodities in the infinite network of exchange relations. Marx says: "The value of labor-power is determined, as in the case of every other commodity, by the labor-time necessary for the production, and consequently also the reproduction of this special article—in other words, the value of labor-power is the value of the means of subsistence of the laborer." [2]

But cost of subsistence, while it has its influence on the average wages of unskilled labor, has little to do with the wages of particular workers of unusual attainment. Native ability, the power and the will to work, is the chief factor in the deter-

[1] *Capital*, p. 75. [2] *Ibid.*, p. 149.

mination of earnings, especially in the case of men of talent and genius, whose rewards are usually out of all proportion to the cost of their bringing-up. Marx tries to evade this difficulty by giving a common but erroneous explanation thus: "All labor of a higher or more complicated character than average labor is expenditure of labor-power of a more costly kind, labor power whose production has cost more time and labor, and which therefore has a higher value, than unskilled or simple labor-power." [1]

Where Theory Collapses. — The scoialist theory of value fairly collapses when it comes to explain the value of "intangible things such as conscience and honor" which are sometimes bought and sold, as when a citizen sells his vote, an alderman his conscience, or a merchant his good name. Clearly, such intangibles as honor, influence, good-will, trade-marks, franchises and the like, have exchangeable value, but Marx asserts that such things "have a price without having a value, the price in that case, being imaginary, like certain quantities in mathematics." [2]

Doubtless, a politician's conscience may be imaginary, but he seldom sells it for imaginary gold, and so with all intangibles that are bought and sold. They have a value in exchange, not

[1] *Capital*, p. 179. [2] *Ibid.*, p. 75.

because of any labor-cost of production, but because they are useful to the people who are willing to pay the price.

The Factor of Scarcity.—When we consider material tangible commodities other than land, we find innumerable exceptions to the supposed law that exchange value is materialized or crystallized or congealed labor-time. Scarce articles, such as old coins, stamps, manuscripts, autographs, birds' eggs, fossils, pictures, statuary, and the thousand and one objects dear to the heart of collectors, are rightly called commodities, although there is no discoverable relation between their market value and their cost of production as measured in labor-time.

Of course, such articles are not reproducible by labor, and it is said that Marx never intended his theory to apply to them. This only shows, as Spargo admits, that the theory is not all inclusive, but strictly limited in its application. In other words, it is not a general theory of value at all, but an attempt to explain the value of a particular class of articles, produced at a given time and place, under special conditions, and with all the other factors remaining unchanged. Surely, with all these limitations and qualifications the scope of the theory rapidly approaches the vanishing point.

The Factor of Social Utility.—The works of authors, artists, and inventors, must also be excluded, because they are not freely reproducible, and there is no definite relation between their value and the time spent in creating them. A great painter may receive $50,000 for the work of a few weeks or months, while a mere dauber might spend years on a picture which his best friends would not accept as a gift. The incompetent one has not been able to create a work of social utility, so his time has been wasted and has no relation to the value of the product. Social utility, then, is the prime factor in the determination of value, and labor-cost is a matter of secondary importance.

Mine and Farm Costs.—When at last we come to commodities that are freely reproducible and produced under competitive conditions, we find that even here the labor-cost theory does not strictly apply. The value of gold and silver, for example, has slight relation to their cost of production because of the varying richness and depth of the ore deposits, and for other reasons. In some mines gold is produced at a cost of $10 worth of labor, in others $20, in others $50 or more, and yet all of the metal, produced at various costs, sells at the same mint price of $20.67 per ounce.

Every farmer knows that the labor-cost theory

fails to explain the value of agricultural produce. On the best lands wheat may be grown at a labor-cost of $1.00 a bushel; on poorer lands at $1.25, $1.50 or $1.75; and yet the total supply is very likely to be sold at $1.75, which economists usually call the "marginal" cost. This rule of varying costs applies to the production of all raw materials: grain, meat, leather, cotton, wood, sugar, lumber, iron, clay, gold, silver, and the rest, because of the fact that land, from which they are all derived, is limited in quantity and diverse in quality.

Manufactured Goods.—Finally, the value of staple manufactured articles, which Marx has chiefly in mind—such as shoes, cotton and woolen goods, refined sugar, furniture, steel rails, jewelry—is not determined chiefly by their labor-cost.

In the first place, the value of the raw materials of which they are composed is not so determined.

In the second place, the labor employed in production varies greatly according to the kind and amount of land and machinery used, the skill of the workers, the efficiency of the management.

In the third place, the value of manufactured goods is not determined solely by cost, which limits supply, nor by utility, which controls demand, but by both of these factors together. In

fact, utility and scarcity are the prime factors of value, and cost is secondary, as one of the limitations of nature which make things scarce.

The manufacturer, whose profits arise from an excess of revenue over expenditure, and whose losses come from an excess of expenditure over revenue, knows well that the value of his goods depends far more upon the demand of the market than upon the cost of production to himself or his competitors. In fact, if the demand is weak he must cut down his costs, for if the mountain will not come to Mahomet, Mahomet must go to the mountain.

The manufacturer must supply an article that will satisfy some human want, and at a suitable price, else he will not be able to sell. For this reason, intelligence, foresight, will-power, and all the other mental and moral qualities of men have much more to do with the final result than the undirected or misdirected expenditure of labor-power. As the brain is the center of action in the human body, so the direction and management of business enterprise is what gives value to the product, which may or may not be proportional to the hours or days or years of labor spent upon it.

Marx's Admission.—Of course, Marx knew all that, and even admitted it here and there in his writings, though he did not give it the proper

place in his system, because he wished to exaggerate the importance of unskilled labor, the labor of the proletariat. In the very first chapter of "Capital" he says: "Nothing can have value without being an object of utility. If the thing is useless, so is the labor contained in it; the labor does not count as labor, and therefore creates no value." [1]

This is a very significant admission, quite inconsistent with the basic contention of Marx that labor-time, and that alone, is the cause and measure of value. If there can be no exchange value without utility, then utility must be the cause or a vital part of the cause of value, and it must have something to do with the measurement of value also.

In another place Marx says: "A useful article has value only because human labor in the abstract has been embodied in it." [2]

Apart from the misapplication of the word "abstract" to something so concrete as labor-time, this statement is quite untrue, as has been shown in the numerous illustrations given above. The very reverse of it is true, and it should be changed to read as follows: "An article in which labor has been embodied has value only because it is a useful article."

Not all commodities which cost labor have

[1] *Capital*, p. 8. [2] *Ibid.*, p. 5.

value, but all useful commodities have value, if they are sufficiently limited in quantity. Utility, therefore, is more essential to value than labor-cost, as in the case of land, which has utility and scarcity, but no labor cost. Of course, the value of reproducible commodities is related to their labor-cost, though not in the direct and exclusive Marxian sense.

Utility.—Socialists who lay chief stress on cost of production as the origin and measure of value, are placing the cart before the horse. All commodities have one common property—utility—without which they would not be commodities, for they would not be bought and sold. Most commodities have another common property—labor cost—which aids in the determination of value by limiting supply.

But labor is the means, and utility, or the power to satisfy human needs, is the end of the productive process and, practically as well as logically, the end is more important than the means. It is utility that arouses desire and demand, sets in motion the wheels of production, and gives value to the land, capital, and labor which are the means to the final end and purpose of economic activity.

So it is utility that is the test of value, and not the expenditure of a certain amount of labor-time. The measure of labor is not its duration,

but its efficiency, and the measure of efficiency is the quantity and quality of the output, the extent to which it ministers to human wants. It is not time that counts, but what is done in time. It is not cost that must be first considered, but the ultimate goal—the welfare of the human race.

Brain Work.—Marx grudgingly admits the unequal efficiency of labor, as though he realized that the admission was a denial of the theory. He wrote: "Just as in society, a general or a banker plays a great part, but mere man, on the other hand, a very shabby part, so here with mere human labor. Skilled labor counts only as simple labor intensified, or, rather, as multiplied simple labor, a given quantity of skilled being considered equal to a greater quantity of simple labor." [1]

If Marx had followed this line of thought he would have seen that an increase in the efficiency of labor in a given industry, while it generally increases the value of the total product, often, if not usually, decreases the exchange value per article produced.

He would also have seen that, as in war, a competent general is a host in himself, so, in the industrial army, a great captain of industry, by the power of his thought, his imagination, foresight, judgment, organization, direction, deter-

[1] *Capital*, p. 11.

mination, courage and incessant activity, is the dynamic center of industrial life, with a creative force out of all proportion to the duration of effort, and of greater social value than thousands of hours of "simple average labor-time."

Labor Cost Theory Discredited.—Enlightened socialists of the present day, being obliged to abandon the strict Marxian theory of value, qualify and explain it away, until it has little resemblance to its original form. Engels said that the law of value was valid from early times down to the fifteenth century. Untermann says it does not work well now, but will be in good going order after the social revolution. Sombart says it is not a fact of experience but a fact of thought. Veblen says that Marx was not trying to explain exchange value at all, but to interpret value in terms of the "unfolding life of man in society."

Others, like Kautsky, insist that the Marxian theory of value has nothing to do with socialism, and that it has no vital relation to the other Marxian doctrines, especially the theory of surplus value. But, as Professor Skelton has well shown, Marx was trying to give an analysis or examination of capitalism in order to show within it the conflict of opposing forces, and the theory of value was an essential part of that analysis.

At any rate, Marx himself thought the theory

important, for he said: "The recent scientific discovery that the products of labor, so far as they are values, are but the material expressions of the human labor spent in their production, marks an epoch in the development of the human race."

Without doubt a common economist might accept the labor-cost theory of value without going on to socialism, but can the followers of Marx deny so important a part of their master's teaching and still call themselves "scientific" socialists? Can they reject the labor-cost theory and still hold to the theory of surplus value? If so, they must be taking surplus value on faith or setting it upon a new foundation.

V

THE MARXIAN LAW OF INCREASING MISERY

The Reverend Thomas Robert Malthus, in the year 1798, published an attack upon the utopian socialism of the day entitled, "An Essay on the Principle of Population," and thus became the godfather of the celebrated or notorious theory that bears his name. To be sure, he did not originate the theory, and Karl Marx calls his work a "school-boyish superficial plagiary of De Foe, Townshend, Wallace, etc." But to how many is it given to create a new idea? Even Marx might be accused of borrowing ideas, for all of his distinctive doctrines may be found in the writings of his predecessors, although the combination was the work of Marx alone. In the words of the Preacher: "There is nothing new under the sun;" or, as Chaucer puts it:

> "For out of olde feldes, as men seith,
> Cometh al this newe corn fro yeer to yere,
> And out of olde bokes in good feith
> Cometh al this newe science that men lere." [1]

[1] Chaucer, *The Parlement of Foules.*

Population, says Malthus, tends to increase faster than the means of subsistence. The natural resources of the earth are limited, but there is no definite limit to the multiplication of population other than the supply of food and the other means of subsistence. Therefore, unless the growth of population be checked in some way, poverty and misery will prevail in every country. This is the Malthusian theory of population, with its dismal shadow, the iron law of wages, for which Ricardo usually gets the credit —or discredit.

Living Costs Determine Wages.—The rate of wages, according to this so-called law, is determined by the cost of living of the working class, the quantity of commodities necessary to keep the laborers alive and enable them to raise families to take their places after they are disabled or dead. Wages, it is said, cannot permanently fall below this limit, for if they do the death rate will increase, the marriage rate and the birth rate will decline, and the working class will diminish in numbers until wages rise to their natural level.

On the other hand, according to this theory, wages cannot permanently exceed the subsistence of the laborer and his family, for if they do, the marriage rate and the birth rate will increase, the death rate will decline, and the working class will increase in numbers until wages fall to their

natural level. The "natural level," of course, is the cost of subsistence of the working class.

It was this doleful theory, with its gloomy outlook, that led Carlyle to call political economy "the dismal science," and it is this melancholy point of view, somewhat shifted, which many socialists take when they magnify the evils of the present industrial system, and say that "increasing misery" must follow in the wake of capitalism until the social revolution shall sweep it all away.

Socialist Interpretation. — Indeed, socialists often speak and write as though poverty and pain, vice and crime, disease and death, had no place in the world before the coming of capitalism, and would be quite unknown in the perfect day of collectivism. Strange, that they should be so pessimistic about the present and so optimistic about the future, that they should have so much and so little faith in human nature under different conditions and circumstances. All this, of course, was quite foreign to the thought of Malthus, who with more show of reason, traced most social evils to the multiplication of population.

The great socialist agitator of Germany, Ferdinand Lassalle, had much to say of the "iron" or "brazen" law of wages. In one place he says: "The average wage always remains reduced to the necessary subsistence which national custom

demands for the continuance of life and propagation." [1]

In the Communist Manifesto, Marx and Engels say: "The average price of wage-labor is the minimum wage, i. e., that quantum of the means of subsistence which is absolutely requisite to keep the laborer in bare existence as a laborer." [2]

And again: "The modern laborer, instead of rising with the progress of industry, sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population or wealth." [3]

In "Capital," Marx says that the "value of labor-power is determined by the sum of the means of subsistence necessary for the production of labor-power." [4]

In another passage of the same work he says: "In proportion as capital accumulates, the lot of the laborer, be his payment high or low, must grow worse. The law that always equilibriates the relative surplus population or industrial reserve army to the extent and energy of accumulation, establishes an accumulation of misery, corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at

[1] Cited in Ensor, *Modern Socialism*, p. 38.
[2] *Communist Manifesto*, p. 32.
[3] *Ibid.*, p. 29.
[4] *Capital*, p. 150.

the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole. Along with the constantly diminishing number of the magnates of capital grows the mass of misery, oppression, slavery, degradation, exploitation." [1]

Marx Twists Theory of Malthus.—Marx, it is true, ridicules the Malthusian theory of population. It would be disastrous to socialist theory to admit it. If population must increase with every improvement in economic conditions, the realization of the socialist ideal will only result in greater population and more hopeless misery. Marx, therefore, rejects the theory of population, but accepts the iron law of wages. He denies the cause while affirming the effect. The effect, then, must be due to some other cause.

It is not, says Marx, absolute overpopulation that depresses wages, but the very nature of capitalistic development which, by the continual introduction of machinery and other improved methods of production, creates a relative surplus population, an industrial reserve army, the army of the unemployed, who are willing to work for any wages that will save them from starvation. Thus we have, according to Marx, "a law of

[1] *Capital*, p. 661.

population peculiar to the capitalistic mode of production."

Pessimism and Optimism of Marx.—This variation of the iron law is even more pessimistic than the views of Malthus and Ricardo. Not only may there be a population too great for the resources of a country, but there must always be, in every progressive country, an active army of workers who receive starvation wages, and a reserve army of the unemployed ever ready to step into their shoes.

Such is the celebrated "law" of increasing misery, according to which economic "progress" necessarily involves the progressive degradation of the working class and increasing exploitation by a diminishing number of capitalists. It is one of the foundation stones of the Marxian system because upon it is based the central doctrine, the theory of surplus value, and the socialists' hope of approaching revolution. Fortunately, it is theoretically unsound, and it is contradicted by the facts of history.

Socialists frequently glorify the past, especially the far-distant past of our primitive ancestors, when there was neither business enterprise, nor machinery, nor exploitation, neither capitalists, feudal lords nor slave owners, when people were near to nature and every man did what seemed good in his own eyes. They forget that in those

days man was engaged in a terrific struggle with nature, that nature killed most of those who were born, and that, as the philosopher Hobbes well said, the life of man in the primitive social order was "poor, mean, nasty, brutish, and short."

Socialists also like to dwell upon economic life in the Middle Ages and the early modern period, before the Industrial Revolution brought machinery into the world and all the evils that came in its train. With Thorold Rogers, they speak of the fifteenth century as the "golden age of the English laborer," forgetting the famines and diseases which plagued him, his coarse food, his miserable clothing and shelter, and the fearful death rate which kept the population of England below 3,000,000; whereas now, largely because of machinery and modern science, that country supports about 34,000,000 people.

Earlier Conditions of Working Class.—Of that very time the historian Cunningham says: "In so far as regularity of employment and short hours are a test of the well-being of the workman, the fifteenth-century day-laborer was badly off. . . . . and the masses of the population were not only poor, but also miserable." [1]

Similarly, Sir Walter Scott, writing of leprosy in Scotland, a disease now unknown there, says:

[1] W. Cunningham, *The Growth of English Industry and Commerce*, Vol. I, pp. 349, 350.

"Filth, poorness of living, and the want of linen, made this horrible disease formerly very common in Scotland; Robert Bruce died of the leprosy." [1]

Similar conditions existed at the beginning of the seventeenth century. In the year 1615 a census was taken of the town of Sheffield, showing that, out of a population of 2,207, no less than 725 people were unable to live without the charity of their neighbors, while 60 per cent of the remainder were so poor that "a fortnight's sickness would drive them to beggary." [2]

In the year 1688 it was calculated by Gregory King that out of England's total population of 5,500,000, about a fourth were more or less dependent on parochial relief. Writing of the condition of affairs on the eve of the Industrial Revolution, Cunningham says: "There seems to be abundant evidence that the artisan of a hundred years ago was less regular in his work, and less steady in character than the skilled artisan of the present day. . . . The first introduction of machinery was accompanied by many evils, but in so far as it tended toward regular habits of daily work it has been eventually beneficial." [3]

Changes in the Condition of Workers.—The eminent British statistician, Sir Robert Giffen,

[1] Scott, *Minstrelsy of the Scottish Border*. Note on the Ballad of Sir Hugh Le Blond.
[2] W. Cunningham, *op. cit.*, Vol. II, p. 206, n.
[3] *Ibid.*, Vol. II, pp. 474, 475.

in 1883 showed that the money wages of British workmen had increased in 50 years "in most cases from 50 to 100 per cent," while the cost of living had decreased, except in regard to meat and rent.

Another authority, Mr. A. L. Bowley, has shown that, in the 30 years ending 1891, wages in England increased from 15 to 76 per cent, being an average increase of 40 per cent.

In the 35 years ending 1895, according to Mulhall, the population of the United Kingdom increased from 29,000,000 to 39,000,000, or 34 per cent, while in the same time the total wealth increased from $34,992,000,000 to $57,348,000,000, or 64 per cent, and the wealth per head increased from $1,210 to $1,458, or 20 per cent. If, then, average wages have increased 40 per cent, while average wealth has increased only 20 per cent, the improvement of the working classes in Great Britain in those years more than kept pace with the increase in general wealth.

Similar testimony is given by the well-known socialists, Sidney and Beatrice Webb, who, in their great work, "Industrial Democracy," show that from 1850 to 1896 the purchasing power of the wages of three typical workmen in England and Scotland, measured in bushels of wheat, increased by 80 per cent, 160 per cent and 250 per cent respectively. In the Preface to Hutchins and Harrison's "History of Factory Legisla-

tion," written in 1910, Mr. Webb says: "The Lancashire cotton spinner, once in the lowest depths of social degradation, now occupies, as regards the general standard of life of a whole trade, perhaps the foremost position among English wage-earners." [1]

Professor Alfred Marshall, in his "Principles of Economics" (1907) states that, since 1873, "the standard of living among the working classes has been rising rapidly, perhaps more rapidly than at any other time in English history; their household expenditure, measured in money, has remained about stationary, and, measured in goods, has increased very fast." [2]

Many other figures could be given to show that the condition of the working class in England during the 'nineties, and up to the outbreak of the World War in 1914, was vastly better than ever before. All the evidence, therefore, flatly contradicts the so-called "law" of increasing misery. True, improvement went on at a slower rate during the early years of the 20th century, because of the well-known tendency of wages to lag behind rising prices, but even so, the gains of the latter half of the 19th century were well maintained, and prospects were good when the war began.

[1] Cited in Towler and Ray, *Socialism*, p. 286.
[2] Marshall, *Principles of Economics*, fifth edition, p. 191.

Labor Conditions in the United States.—The history of labor conditions in the United States tells the same tale, though with local variations. It is easy to idealize the independence of the colonial pioneers, but, as Professor Warner Fite, of Princeton University, says, "The good old days, especially our own pioneer days, were mainly days of privation, of unremitting toil for the bare necessities of life; days, not of spiritual leisure, but of abject slavery to the needs of the body." [1]

McMaster, in his "History of the People of the United States," gives a most interesting account of a typical American laborer's life at the close of the Revolution. He writes: "Sand sprinkled on the floor did duty as a carpet. There was no glass on his table, there was no china in his cupboard, there were no prints on his wall, what a stove was he did not know, coal he had never seen, matches he had never heard of. . . . He rarely tasted fresh meat as often as once a week, and paid for it a much higher price than his posterity. . . . If the food of an artisan would now be thought coarse, his clothes would be thought abominable." [2]

Adams and Sumner, in a chapter on "The

[1] Warner Fite, *The Old Individualism and the New Situation*, in Friedman's *America and the New Era*, p. 100.

[2] J. B. McMaster, *History of the People of the United States*, Vol. I, pp. 96-97.

Material Progress of Wage-Earners," state that in Massachusetts, in the year 1672, carpenters received 33 cents a day, tailors 27 cents, and common laborers 27 cents, without board, and that when wheat was selling at 81 cents a bushel, corn at 48 cents, and oats at 25 cents.

The same authors show that the rise in "real" wages, or wages measured in purchasing power, went on, despite occasional interruptions, until the beginning of the 20th century. For every $70 worth of goods that the worker received in 1866 he received $121 in 1902, an increase of 73 per cent in 36 years.[1]

W. I. King's Findings.—W. I. King, in his excellent book, "The Wealth and Income of the People of the United States" (1915), gives a series of index numbers showing the purchasing power of hourly wages in all industries from 1850 to 1912. If the number 46.8 be taken to indicate the purchasing power of an hour's wages in the year 1850, the purchasing power was 48.1 in 1860, 58.2 in 1870, 69.9 in 1880, 94.9 in 1890, 104.8 in 1897, 101.6 in 1900, 110 in 1906, and 103 in 1912.[2] Here, also, as in the case of England and other countries, the rise in "real" wages during the early years of the 20th century was retarded because of the rise in the cost of

[1] Adams and Sumner, *Labor Problems*, Chap. 13, pp. 502-547.

[2] W. I. King, *The Wealth and Income of the People of the United States*, p. 189.

living, the increase of population and other causes.

Of course, the progress of the working class is not to be measured in wages alone, as many other circumstances must be considered. The death-rate, for example, per thousand persons, in England and Wales, declined from 20.8 in the year 1850 to 15.2 in the year 1905, which is surely no evidence of "increasing misery."

The disappearance of illiteracy, too, is worth considering; also the development of public parks, playgrounds, libraries, baths and other signs of increasing well-being.

Nor is such progress confined to England and the United States. It is found in all the other capitalistic countries of the world. Only in declining countries, and in non-capitalistic countries, such as China, India and Central Africa, are wages kept down to the bare cost of living. In such countries it looks as though the law of Malthus were in operation, but in capitalistic countries national wealth seems to increase faster than population, and there is no other "law" of increasing misery which the working class has to fear.

Admissions of Socialists.—It might seem useless to dilate upon this, were it not that socialist missionaries still preach the "law" of increasing

misery, as though they did not know that their leaders had abandoned it or explained it away.

Kautsky said at the Lübeck Congress of 1901: "Increasing misery is to be understood only as a tendency, and not as an unconditional truth." [1]

In reply to him, Dr. David, a progressive socialist, said: "If one alters one's opinion one should have the courage and strength to say, 'We made a mistake.'" [2]

In reply to both Kautsky and David, Bebel asserted that Marx never taught the theory of increasing misery, but only the doctrine that "the gap between the working class and the rich class today is greater than ever before," and that for this reason the class struggle is ever growing more intense and bitter.

Marx himself, in 1864, admitted the beneficial effects of the English ten-hour law, thus contradicting his own theory of the inevitable and progressive degradation of the working class under capitalism—this while he was writing his great work, "Capital," which appeared in 1867.

Even Boudin abandons his guns when he says: "The present condition of the working class is not merely the result of the tendencies of capitalistic accumulation, but of the tendencies of

[1] Cf. Ensor, *Modern Socialism*, pp. 187-189.
[2] *Ibid.*

capitalistic accumulation as modified by the struggle of organized labor against them." [1]

Franz Mehring, a German Marxist, says that the theory of increasing misery is but a relic inherited by Marx from the bourgeois political economy. Spargo and Arner freely admit that "some of the evils of poverty can be relieved without disturbing the present social order." Finally, Laidler, in his "Socialism in Thought and Action" (1920), suggests that misery is a "psychic condition," and sums up the general conclusion thus: "Most modern socialists do not claim that the physical degradation of the worker is becoming increasingly greater, but that the worker's recognition of injustices is increasing while his share in society's product is decreasing." [2]

Marxism With Marx Left Out.—Commenting on these fatal admissions, Simkhovitch says: "And yet the true-blue Marxists are unwilling to drop this theory. They realize that in dropping it they are dropping Marxism, but they do not realize that in interpreting it away they are interpreting Marxism away. The whole construction of Marx's 'Capital' leads up to the doctrine of increasing misery. In rejecting this theory one rejects also Marx's theory of popula-

[1] Boudin, *The Theoretical System of Karl Marx*, p. 228.
[2] H. W. Laidler, *Socialism in Thought and Action*, p. 111.

tion, his theory of wages, his theory of accumulation of capital. And if what is left be Marxism it is Marxism with Marx left out. Not only is his theory shattered, but what rational foundation is there left for his vision and hope, his goal and inspiration—the breakdown of capitalism and the social revolution? These conceptions of Marx, as well as his idea of the general crisis are based upon the progressively increasing misery of the working class." [1]

Inconsistency of Socialists.—But why should socialists wish to uphold the law of increasing misery? If the working class are daily and yearly sinking deeper into the slough of misery and degradation, what hope can there be of their ever getting out of it? It is freemen, and not slaves, who most desire the blessings of liberty. The working class of civilized countries, like progressive people everywhere, are never satisfied. The more they have, the more they want, for desires always outrun the means of satisfaction. Kautsky says: "We all agree that the emancipation of the proletariat is to be expected, not from its increasing decadence, but from its growing strength."

But if socialists, having ceased to believe in increasing misery, take comfort in the improvement of the working class, much more should

[1] Simkhovitch, *Marxism versus Socialism*, p. 127.

those be encouraged who hope that industrial evolution will bring about, not the destruction of private property and private enterprise, but the continual and beneficent utilization of those powerful forces, which have had so much to do with the creation of modern civilization.

VI

THE MARXIAN THEORY OF SURPLUS VALUE

The theory of surplus value is a combination or synthesis of the labor-cost theory of value and the "law" of increasing misery. It is, therefore, the third link in the chain of argument designed to prove that capitalism is a system of exploitation or robbery and has within it the seeds of its own destruction, chiefly because of the class struggle thereby engendered.

It is the working class, of course, that is supposed to be exploited, and this includes all employees, unskilled and skilled, hard-handed and soft-handed, working with hand and brain, for wages and salaries. Yet Marx usually seems to have in mind "unskilled average labor," furnished by the proletariat, who have "nothing to lose but their chains." They are the chief victims of the capitalists, to whom they sell their sole possession, their labor, and always at a forced sale. This is his definition of labor power: "By labor-power or capacity for labor is to be understood the aggregate of those mental and physical

capabilities existing in a human being, which he exercises whenever he produces a use value of any description." [1]

The typical exploiter, then, is an employer of labor, especially a manufacturer, and surplus value is the difference in value between what the laborers create and what they receive as wages, the assumption being that the whole product of industry is created by them alone.

A Concrete Example.—Take, for example, a manufacturer of bricks, employing 100 laborers in a rather old-fashioned brick-yard. He pays the laborers the market value of their services, which, according to the law of increasing misery, is barely enough for the subsistence of themselves and their families at some low standard of living—say $60 per laborer per month, making $6,000 for the whole force. The bricks, however, after deducting the cost of materials and other costs, sell for $12,000. The difference of $6,000 available for rent, interest, dividends and surplus, is regarded by Marx as surplus value, stolen from the laborers who created it.

If we ask why the bricks sell for $12,000, although the labor-cost measured in money was only $6,000, Marx replies that the value of the bricks does not depend on wages and other expenses of production, but on the average number

[1] *Capital*, p. 145.

of hours of "socially necessary labor-time" employed in their production. Moreover, labor power, Marx says, has the "peculiar property of being a source not only of value, but of more value than it has itself." The employer thus has the great advantage of buying labor-power at its value and yet selling a product the value of which is much greater, probably two or three times as great.

Labor and Capital.—The labor day, therefore, is composed of two parts: "necessary labor-time," in which the laborer creates value enough for subsistence wages, and "surplus labor-time" in which surplus value is created. The laborer, like the serf of feudal times, works part of the time, say five hours, for himself, and the rest of the day for his master, the robber baron of capitalism.

The employer's capital, too, is composed of two parts: "variable capital," consisting of money or goods paid to labor; and "constant capital," consisting chiefly of buildings, machinery and raw materials. Now, since surplus value is derived from the exploitation of living labor, it follows that it must be proportional to the quantity of variable capital used in the business, and not to the quantity of constant capital. Constant capital, says Marx, merely creates its own value, because it is the product of past labor,

whereas living labor only has the "peculiar power" of creating surplus value.

Yet there may be in the same business another manufacturer who, with a better plant, employs only 50 laborers at a cost of $3,000 per month, spends another $3,000 on account of superior equipment, but makes the same profit of $6,000 through a totally different arrangement or composition of his capital. In other words, a given capital could be invested so as to use much labor and little machinery, or little labor and much machinery, and might yield the same rate of profit on the total capital employed, although it would probably yield a higher rate of profit than the old-fashioned concern.

What, then, becomes of the theory of value if profits tend to be an average return upon the whole capital invested, instead of a return proportional to the amount of variable capital only, or to the number of laborers directly employed? Obviously, in the first case the rate of exploitation is 100 per cent, and in the second case 200 per cent; that is to say that in the second case 50 laborers create as much surplus value as the other 100, although they all were, presumably, men of average labor power. To the ordinary mind it looks as though half of the profits in the second case were due to the employer's intelligence, but Marx could not admit this without abandoning

his theory that all value is created by labor alone.

Marx's Celebrated Puzzle.—This is the celebrated puzzle suggested by Marx in the first volume of "Capital" and which was to be explained in the later volumes. In the year 1885, two years after the death of Marx, Friedrich Engels challenged his critics to: "show how an equal average rate of profit can and must come about, not only without a violation of the law of value, but by reason of it." [1]

The third volume of "Capital" appeared in the year 1894, when orthodox Marxians were surprised and disconcerted to find that Marx admitted that commodities in actual circulation exchange, not at their value, but in accordance with their "price of production," that is, cost price plus the average rate of profit. This is the "great contradiction" pointed out by Böhm-Bawerk and other critics, and it is evident that Marx, finding his two theories quarreling with one another, and wishing to save the theory of surplus value, threw the labor-cost theory overboard.

Without going into the disputes and hair-splittings that have centered about this notorious puzzle, it must be evident to any business man who considers the matter that the profits of brick-

[1] *Capital*, Vol. II, Preface by Friedrich Engels. Cf. Böhm-Bawerk, *Karl Marx and the Close of His System*, p. 25.

making, or of any other competitive business, are not determined by the amount of variable capital used, nor by the number of laborers employed, but rather and chiefly by the skill and courage and leadership of the captains of industry who launch the ships of business and who, by constant attention and unremitting vigilance, keep them above water as going concerns.

According to Marx, the business man is a mere exploiter and parasite, whereas he is, in fact, the very mainspring of industrial activity. Professor Skelton well says: "One of the most astounding gaps in the Marxian theory is the almost total neglect of the function of the entrepreneur in modern industry, in seeking out the opportunities for development, in bringing together the various requisites of production, in the direction of operations and marketing the product." [1]

Moreover, it is not true that labor power, as Marx says, has the "peculiar" or magic power of creating surplus value, as thousands of unsuccessful capitalists and employers know to their cost. If that were true, the most incompetent employer could make money, although competition would soon take it all away and give it to the magic-working laborers. Undirected or misdirected labor creates no surplus value, even when com-

[1] O. D. Skelton, *Socialism, a Critical Analysis*, p. 128.

bined with abundance of capital, both variable and constant.

Commercial Capital.—It should be noted, in passing, that the theory of surplus value quite fails to explain the origin and nature of commercial capital, as Marx himself admits. Referring to a transaction in which a merchant buys goods for $100 and sells them for $110, Marx says: "This increment or excess over the original value I call surplus value," [1] but he is unable to explain how the surplus value, in this case, is created, except by suggesting that a two-fold advantage over both buyer and seller is gained by the merchant, "who parasitically shoves himself in between them." [2]

When Marx says, in effect, that merchants are thieves, he ignores the important social service which they render in the creation of time and place utilities. In fact, the merchant is a producer as truly as the farmer, the miner, the fisherman, or the manufacturer, for the process of production is not completed until the goods are in the hands of the final consumer. As though quite unaware of this, Marx says: "If commodities or commodities and money, of equal exchange-value, and consequently equivalents, are exchanged, it is plain that no one abstracts more value from, than he throws into, circulation.

[1] *Capital*, p. 128. [2] *Ibid.*, 6141.

There is no creation of surplus value. Turn and twist them as we may, the fact remains unaltered. If equivalents are exchanged, no surplus value results, and if non-equivalents are exchanged, still no surplus value. Circulation, or the exchange of commodities, begets no value." [1]

Nor can the theories of Marx explain the nature of banking, nor the creative power of credit. To him the making of loans and the taking of interest have nothing to do with the creation of value, except in that they involve taking what others have produced. He even quotes with approval the ancient error of the Greek philosopher Aristotle, who held that the taking of interest, unlike the rent of land and the increase of cattle or sheep, was contrary to nature because money was barren.

All this confusion of thought evidently proceeds from the basic assumption of Marx that all values are materialized or congealed or crystallized labor-time, from which it is inferred that capitalists and employers create nothing. Many socialists admit that the basic assumption is false, yet still hold to the opinion that capitalism, with exploitation as its ruling principle, contains within it the seeds of its own destruction. Unless the wish is father to the thought, such an opinion, lacking scientific basis, is probably trace-

[1] *Capital*, p. 141.

able to discontent arising from the unequal distribution of wealth.

Distribution of Wealth. — Certainly, the wealth of the world is not equally divided, and socialists are quick to infer that a distribution so unequal must be inequitable as well. Professor W. I. King, in "The Wealth and Income of the People of the United States" (1915), estimates that the richest 2 per cent of the people of Wisconsin in the year 1900 owned 57 per cent of the total wealth, and that in the United Kingdom, France, and Prussia in the year 1909, the corresponding figures were 71 per cent, 60 per cent, and 59 per cent, respectively. Doubtless, the wealth of all capitalistic and most non-capitalistic countries is highly concentrated." [1]

Fortunately, the incomes of the people, which control their expenditure, are more evenly distributed. In the same book Professor King estimates that in the year 1910 the total income of the people of the United States was, in round numbers, $30,500,000,000, of which wages and salaries amounted to $14,300,000,000, or 46.9 per cent, while interest was 16.8 per cent, rent 8.8 per cent and business profits, distributed and undistributed, were 27.5 per cent.

This is a marked improvement over the year 1850, when the share of wages and salaries was

[1] King, *op. cit.*, pp. 79, 96.

but 35.8 per cent of the total national income, and profits absorbed no less than 44 per cent. The relative share of employees increased steadily until the year 1890 when it was 53.5 per cent of the total national income, since when it has declined slightly, probably, as Professor King believes, because of the enormous immigration of unskilled labor which continued until the outbreak of the war. [1]

Of course, as the volume of capital increases from year to year, the proportion of the total national income going to capital as interest should increase, as must be clear to anyone who considers the state of affairs in primitive times, when there was practically no capital and no interest. In those days labor received the whole, though a very scanty whole, of the product of industry. If, again, the process of civilization could be reversed, and rent, interest, and profits could be taken away, we might easily go back to a condition in which, receiving the whole product of industry, the working class would be on the verge of starvation.

The Share of Labor.—When we consider the share of labor in particular industries we find it to be far larger than most socialists are willing to admit. Dr. F. H. Streightoff in "The Distribution of Incomes in the United States,"

[1] King, *op. cit.*, p. 160.

(1912), says: "Recent available figures for eight large American industries, employing over three million laborers, give to capital a return in dividends and interest of $1,276,419,050, and to labor in salaries and wages of $2,031,402,210, a total income of $3,307,821,260, of which the share of labor is sixty-one per cent, and that of capital thirty-nine per cent. That these figures are typical of the whole field of American industry is questionable." [1]

The most recent figures on this subject are those of Professor Friday, of the University of Michigan, in "Profits, Wages and Prices" (1920), based on the United States census reports, in which he states that the employees of mining, manufacturing, railroad and public utility corporations in the year 1913 received 63.9 per cent of the "value added" by these industries, while 3.8 per cent went in taxes, 8.9 per cent in interest, and 23.4 per cent in dividends and surplus. Professor Friday says: "The assertion so frequently made nowadays that only 20 or 25 per cent of the nation's output goes to the laborer as wages has clearly no foundation in fact." [2]

A typical exaggeration of the "degree of exploitation" is given by the well-known British socialist, H. M. Hyndman, in "The Economics

[1] *Columbia University Studies*, Vol. LII, No. 2, p. 44.
[2] David Friday, *Profits, Wages and Prices*, p. 124.

of Socialism" (1896). He says: "The worker, for every hour he works for himself, works three or four for the benefit of other people who may or may not do any useful social work at all." [1]

Conditions in the United Kingdom.—British as well as American statistics absolutely contradict this and similar statements. The Census of Industrial Production of the United Kingdom (1907), as analyzed by Professor A. L. Bowley, shows that, out of a net production valued at $3,100,000,000, wages and salaries amounted to $2,000,000,000, depreciation and taxes absorbed $340,000,000, and the share of capital, in rents, royalties and profits was less than $800,000,000. Thus, for every $1.00 going to capital, labor received about $2.50, a distribution quite the reverse of that imagined by Mr. Hyndman.[2]

Such figures as these, too, are quite at variance with the views of single-taxers of the school of Henry George, who claim that all the benefits of progress are absorbed by the land owner. Professor King's figures show that in the year 1910 only 8.8 per cent of the national income was taken in rent, and this chiefly by the small land owners so common in the United States. In the United Kingdom, also, where large estates are the rule, the portion of the national income going

[1] Hyndman, *The Economics of Socialism*, p. 85.
[2] Mallock, *Social Reform*, p. 203.

to rent is relatively small. Mr. W. H. Mallock, in "Social Reform" (1914) says: "In the year 1801 the land-rent of England and Wales amounted to 20 per cent of a total income of $870,000,000. To-day out of a total income of more than $9,700,000,000 it barely amounts to as much as 4 per cent."

The Effect of Saving.—Finally, in estimating the actual consumable income of the capitalist class, a considerable deduction should be made from their money income on account of corporate and personal savings. This part of income, instead of being enjoyed by the owners, is saved and invested, and constitutes a sort of revolving fund, most of which goes to labor. Professor King makes a conservative estimate of $2,000,000,000 as the national saving for the year 1910. Professor Friday says that the annual savings of England and Germany were generally estimated at $2,000,000,000 each before the war, and he states that the corporate savings of the United States were three-fourths of this amount.

If to these corporate savings be added personal savings out of distributed income, the total is probably in excess of the savings of England or Germany, notwithstanding the fact that Americans, both rich and poor, are most improvident people. Part of their savings, of course, come from wages and salaries, although most of the

saving and investment is done by the rich and the well-to-do. Indeed, it is often said, and with a measure of truth, that there would be far less of saving and more of spending if the wage-earners had more and the capitalists less of the national income. Mr. J. M. Keynes says, rather ironically: "The immense accumulations of fixed capital which, to the great benefit of mankind, were built up during the half century before the war, could never have come about in a society where wealth was divided equitably."[1]

The Nation's Income.—After all deductions and allowances have been made, it still remains true that a considerable part of the nation's income, probably not less than 40 per cent, goes to capitalists large and small, in the form of rent, interest and profits, and that a large part, though not the whole, of that income is spent by them in consumable goods and services. These people, numbering from a fifth to a fourth of the population, constitute the so-called "exploiting" class, while the remaining four-fifths or three-fourths constitute, roughly, the so-called "exploited" class or "proletariat." The "proletariat," or working class, are supposed to do all the work, while the capitalists live as parasites on the ever-increasing mass of surplus value. Marx says "Capital is

[1] J. M. Keynes, *The Economic Consequences of the Peace*, p. 19.

dead labor, that, vampirelike, lives by sucking living labor." [1]

A rough classification like this may easily lead to false conclusions, if one thus assumes that all capital is owned by capitalists and that all labor is done by workers of the propertyless class. In fact, thousands and even millions of American laborers have modest savings invested in some productive way: a house, a piece of land, a small mortgage or bond, an insurance policy, a deposit in a savings bank. The insecurity of their position is due to the fact that they have so little capital, and are so much dependent upon a single source of income—the labor of their hands.

Statistics of savings banks, building and loan associations and insurance companies, while they do not separate the holdings of wage-earners from those of large capitalists, indicate the existence of a large number of small property owners. For example, in the year 1918 there were no less than 11,379,553 depositors in the savings banks of the United States, and their aggregate deposits amounted to $5,471,579,949. In the year 1917 there were 3,838,612 members of building and loan associations, the total assets of which amounted to $1,769,142,175. In the same year there were 11,581,701 life insurance policies in force, and the total assets of the companies con-

[1] *Capital* (Sonnenschein), p. 216.

cerned were $5,940,622,780.[1] However, the total property holdings of the working class are not large, for, according to King, the poorer 65 per cent of the population of Wisconsin in the year 1900 owned but 5.2 per cent of the total wealth of the state.[2]

The Capitalist Class.—There are many laborers who are capitalists, though in a small way, and it is equally true that there are many capitalists who are workers and creators of wealth. Capitalists are of two classes: those who are actively engaged in business, and those who have retired from business or have never entered it. The latter class is composed of administrators of estates and benevolent endowments, retired business men and men of leisure, widows, orphans, professional people, and, in general, people of the middle class, who, owning more or less capital, and unable or unwilling to manage it profitably, put it into safe investments at low rates of interest.

The former class, on the other hand, is made up of active capitalists, young men and men in the prime of life, using their own capital and that of others in the management and promotion of enterprises old and new, taking all the risks of business, guaranteeing interest to the bondholder

[1] *Statistical Abstract of the U. S.*, 1918.
[2] King, *op. cit.*, p. 79.

and wages to the laborer, bearing the losses that occur, and taking to themselves the lion's share of the profits. Farmers are men of this class; so also are manufacturers and merchants, bankers and brokers, and the small but influential class of people who control the railways, telegraph companies, and other great business corporations.

According to King, these people, together with the stockholders who back them up and share the risk, received in the year 1910 about $8,400,000,000, and the land owners, perhaps the least active of all, received only $2,700,000,000 out of the total national income of about $30,000,000,000.

How can it be said that the active business men of the country do no work? The work that they do is both difficult and important, requiring ceaseless activity, great strength of body and mind, and, with some minor exceptions, promoting the material welfare of society in a very high degree. Under competitive conditions, which Marx assumes, neither the laborers nor the consumers are exploited by them, for wages rise and prices fall, while new fields of labor are opened up, new and varied products are created, and under such leadership the country is able to maintain a large and increasing population.

Every community can point to a few men of this kind, to whom, in large measure, its pros-

perity is due. When one contemplates the vast and complicated mechanism of modern industry and realizes the need of incessant activity and eternal vigilance, one finds it hard to see how it could be operated by society itself, without the aid of private enterprise and the motive power of private profit.

It should be noted, also, that according to the figures of Professor King, the portion of the nation's income going to profits declined from 44 per cent in the year 1850 to 27.5 per cent in 1910, and there is reason to expect a still further decline, as the country is more fully developed, the number of competent business men increases, and competition becomes more keen.

In the year 1850, when business profits absorbed 44 per cent of the total national income of $2,200,000,000, well-meaning reformers might have tried to limit profits by taxation or by control of prices, but the effect of such action would probably have been injurious to the prosperity of the country, by cutting the mainspring of business activity. Instead of doing this, the business men of the United States were given a free hand, with the result that this country was rapidly developed, consumers in every country benefited from the abundance of American raw materials, and the business men in the year 1910 received but 27.5 per cent of a national income of

$30,000,000,000. While a policy of let-alone has its defects, an effort to reduce profits and control prices in any drastic way might easily produce effects the very opposite of those intended. Certainly, such action by the government of any great exporting country, like England, would in all probability have the most disastrous effects.

Rent, Interest and Profits.—So it must be admitted that active capitalists, as a class, are not parasites, and that the profits of business, under competitive conditions, are the earnings of business men, and not a surplus value stolen from the proletariat. But what must one think of the idle capitalists: landowners, bondholders and mortgagors, who do no work at all, but merely lend their property to active capitalists, who use it productively and return to the owners a part of the product in the form of rent or interest? Surely here is a class of exploiters and parasites, useless and even injurious to society, reaping where they have not sown and gathering where they have not strawed.

Plausible as this line of reasoning is, it overlooks the fact that the taking of interest is inseparably connected with the institution of private property. The use of property for a given time is something which has value in exchange. Active capitalists are glad to get it, expecting to use it so as to earn the stipulated interest and a

net profit besides. Laborers are not exploited, for the greater the accumulation and investment of capital the lower the rate of interest, the greater the product and the higher wages will be. Moreover, the payment of interest encourages savings and investment, the benefits of which accrue to the whole community, and chiefly to the laborers themselves.

There is, in fact, no reason why the owners of property should lend it without interest that is not at the same time a reason why they should give it all away without equivalent or consideration. If the taking of interest is robbery, the whole institution of private property is robbery, and that is exactly what the socialists say. "Property is theft," says Proudhon, and if he is right, the taking of interest is theft also. But if he is mistaken, and private property is socially beneficial, then he who lends his money at interest is no more a thief than he who receives $100 for an acre of land or $1 for a bushel of potatoes.

Mr. Edward F. Adams, of San Francisco, puts the case very strongly and justly thus: "The accumulating man is essential to social saving. Social saving is essential to the support of an increasing population. Therefore, socialism by eliminating the capitalist would make life impossible to many who now live." [1]

[1] Edward F. Adams, *The Inhumanity of Socialism*, 1913.

While defending private property, with the consequent taking of rent, interest and profits, and asserting that the essential feature of business activity is not exploitation but fair exchange of material things and personal services, it would be absurd to say that there are no abuses connected with capitalism, no exploitation, robbery, parasitism, nor any oppression of man by man.

Two Sides to the Picture.—Where there is so much smoke there must surely be more or less fire. Laborers complain of low wages, long hours, and frequent unemployment. Farmers say that they are robbed at every turn by railroads, bankers, grain dealers, millers, packers, and commission merchants. The so-called middle class of the cities, finding it increasingly difficult to make ends meet, cry out against the "profiteering" of landlords, merchants and "trustified" manufacturers. Manufacturers and merchants themselves complain of excessive railway rates, cut-throat competition and confiscatory taxation. Investors denounce unscrupulous promoters, who, by lying devices, sell worthless "securities," or, from the milk of promising enterprises, skim off the cream of the profits and add much water besides.

Professors of political economy, even, usually content to take the world as it is, for better or worse, are obliged to admit that all is not well

with the body economic. They see that in the midst of free competition, so-called, are many opportunities for the robber barons of industry to levy toll upon the weak and blackmail upon the strong. As moderate progressives and qualified supporters of capitalism they are accused of intellectual parasitism, and it is hinted that, in some quarters, academic freedom is not without its limitations.

Journalists, too, and the press, as a whole, are accused of pandering to the wealthy, and it is often said that editorial opinion is the handmaid of capitalism, and that the streams of news are either suppressed or poisoned at the source. Legislators, also, and men in high executive positions, are said to be the representatives of capitalism, and even the highest courts in the land are accused of tampering with the scales of justice. The Church, finally, founded by Jesus the carpenter, is included in the general indictment as engaged in the impossible task of trying to serve God and Mammon.

So many and so great are the evils connected with or attributed to capitalism, that if one looks only at the shady side of it, as socialists commonly do, one finds it very dark. If, on the other hand, one looks at the silver lining of capitalism, one finds that it is bright with great achievements and with promise of still better things.

The Benefits of Capitalism.—Capitalism has been the chief cause of the vast improvement in social conditions that has made the 19th century notable in the history of mankind. It has explored and settled the wilderness, has improved land, and developed mines. It has built roads, bridges and canals. It has unified the world by steamships, railroads and telegraph lines. It has built great cities where millions of people are fed, clothed and sheltered in a degree of comfort unknown to the aristocrats of former times. It has created schools, colleges, libraries, hospitals, parks, playgrounds, and a thousand agencies for the betterment of social conditions.

Capitalism has increased wages, decreased hours and improved conditions of labor in many ways. It has greatly reduced the death-rate, thus increasing the average duration of human life. It has improved morality, abolished famine and pestilence, and mitigated the horrors of war. It has elevated the working class to the level of the middle class of two hundred years ago, and the middle class it has raised to the level of the nobles and princes of those days.

The countries where capitalism has most prevailed are the countries where the laboring man receives the highest wages and maintains the highest standard of living. The countries where capitalism has done least, such as China, India

and Russia, are the countries where wages are lowest, where the laboring man is ever on the verge of starvation, and where he is most exploited by the merchant, the money lender and the government official.

Capitalism, with all its faults, has done great things for the western world, and will do still more, unless the social revolutionists, running amuck, succeed in breaking up the system. If they do, there will be no land owners, no capitalists, no business men, neither rent, interest, profits, nor surplus value of any other kind. The old economic order, the product of centuries of industrial evolution, will be gone, and the proletariat will set itself to the laborious, slow and painful task of creating a new social order out of the ruins of the old. While this work of reconstruction is going on, doubtless millions of people will die of starvation, but, as the revolutionists would say, what will that matter in a thousand years?

If, on the other hand, the working class listens to counsels of moderation and prudence, they will refuse to destroy what they may not be able to build again. They will watch and wait for the outcome of the great Russian experiment, and for the results of governmental and co-operative effort in their own countries. If governments and co-operative societies show themselves able to

compete with private enterprise in producing better results at a lower cost, then these associations, controlled, no doubt, by the working class, will possess the field, by virtue of superior efficiency, and the socialist ideal will be realized by a process of slow and continuous evolution.

But if not, capitalism will continue to exist, and the working class will find it to their advantage to preserve and foster it, while at the same time doing their utmost to remove abuses and to secure as large a share in the joint product as they can without injury to the industrial system of which they are a part. The working class, no longer the exploited, will protect and cherish capitalism as they would a cow for its milk, or the fabled goose for its golden eggs.

VII

SOCIALIST ECONOMICS OF MACHINERY

The use of machinery is the most characteristic feature of modern industry. Countries like China, where nearly everything is done by hand, are still, in so far as industry is concerned, in the ancient or mediæval period of their history. In fact, modern industry is of very recent origin, dating from the Industrial Revolution, which began in England toward the end of the 18th century, and presently spread to other western countries.

The change was brought about by the invention of such machines as the spinning-jenny, the power loom, the cotton gin and the steam engine. Since that time revolutionary changes have been made in almost every field of industry by the invention of the steamship, the locomotive engine, the steam hammer, the steam shovel, the telegraph, the telephone, the sewing machine, the mowing machine, the printing press, the typewriter, the linotype, the calculating machine, the gas engine, the automobile, the elevator, the machine drill, the steam turbine, the bottle-blow-

ing machine, and a host of other labor-saving machines, with innumerable methods, processes, devices and systems of organization closely connected therewith. Wherever possible and profitable, machines are used instead of men, and it almost looks as though the time were coming when human labor would be no longer needed and machine-owning capitalists would possess the earth.

Marx's Views on Machinery.—Orthodox socialists profess themselves unable to see any benefit to the laboring class arising from the use of machinery, so long as it remains in private hands. Their views are substantially the same as those of Marx as expounded in the first volume of "Capital," and may be stated as follows:[1]

(1) Machinery increases the product of industry, but the surplus goes to the employer in the form of larger profits and not to the laborer as higher wages. Wages are determined by the cost of subsistence of the working class and not by the productivity of their labor; therefore, to increase the product of industry is to increase exploitation without improving the condition of the working class. Marx says: "Like every other increase in the productiveness of labor, machinery is intended to cheapen commodities, and, by shortening that portion of the working-

[1] *Capital*, Part IV.

day in which the laborer works for himself, to lengthen the other portion that he gives, without an equivalent, to the capitalist. In short, it is a means for producing surplus value." [1]

Again, wages are paid out of "variable capital," consisting of food, clothing, shelter, and other consumable goods. Now, to increase machinery is to multiply "constant capital," which cannot be used in payment of wages, while variable capital relatively declines. If, then, the fund out of which wages are paid relatively decreases, while the working population goes on increasing, as women and children are thrown on the labor market, it is clear that wages per worker must fall, and only the toil of several members of his family can save the laborer from destruction.

(2) Machinery constantly displaces labor, creating a vast number of unemployed workers, the "industrial reserve army," whose desperate struggle for work depresses the wages of the employed, thus increasing the misery and degradation of the whole working class, and recruiting the ranks of paupers and criminals. With regard to the introduction of the power loom, Marx says: "History discloses no tragedy more horrible than the gradual extinction of the handloom weavers." [2]

[1] *Capital*, p. 365. [2] *Ibid.*, p. 431.

He thinks, too, that capitalists wish to perpetuate this fearful condition of affairs in order that they may have abundance of cheap labor. He says again: "The whole form of the movement of modern industry depends upon the constant transformation of a part of the laboring population into unemployed, or half-employed hands."

(3) "Machinery," says Marx, "is the surest means of lengthening the working day," since it is unproductive while idle, and the capitalist naturally desires to keep such expensive equipment working all the time. Machinery also increases the intensity of labor, thus reducing necessary labor-time, or the time needed to produce the laborer's means of subsistence, and increasing surplus labor-time and the product of it, which is surplus value.

(4) Machinery is the chief cause of the extreme specialization of labor, which makes a man the slave of a machine, increases the monotony of labor, and has a narrowing influence on the laborer, both physically and mentally.

(5) Machinery, by reducing the importance of muscular power, makes possible the employment of women and children, thus displacing men and reducing the wages of the family as a whole to the level of the former wages of the man alone. At the same time three or four

workers are exploited instead of one, so that surplus value is greatly increased.

(6) Machinery increases the number of "unproductive" laborers, such as domestic servants, clergymen, physicians, teachers, actors and musicians, the "modern domestic slaves," who render personal services to the rich, but do little or nothing for the public good.

(7) Machinery creates a mass of products for which there is no demand, because the working class, with their decreased wages, are unable to buy them, and this is the chief cause of the periodical crises so characteristic of modern capitalism.

(8) These evils belong not to the use of machinery as such, but to the private ownership of it, and will disappear when machinery and all other capital are owned and operated by the working class.

A Plausible Case.—Such are some of the arguments used by socialists against the "capitalistic employment of machinery." In every case there is a certain amount of truth in their contention, enough to give the entire argument an appearance of truth without the substance of it. In fact, Marx's treatment of this important subject is full of contradictions, his interpretation of the facts being colored and perverted by his pre-

conceived theories of value, surplus value and increasing misery.

No doubt, the use of labor-saving machinery has enriched many enterprising capitalists, especially those who have first introduced the various improvements. While doing this, however, it has brought great and permanent benefits to the laboring class, enabling them to maintain a standard of comfort possible only to those who live in highly capitalized countries. A brief examination of the socialists' arguments will show the essential weakness of their position.

Contradictions. — When socialists admit, though grudgingly, that machinery increases the product of industry, they admit, in effect, that the employers cannot keep all of the values thereby created. The product per laborer being increased, the market value of labor tends to rise, inasmuch as demand for labor, which proceeds from the supply of the product, has increased more rapidly than the supply of labor.

Except where machinery is temporarily monopolized, as by patents or trade secrets, competition between employers causes prices to fall and wages to rise, so that much of the increased product goes to the laborers in the form of increased money wages and reduced cost of living. To say that the income of the laborer's family must remain the same and even diminish, regardless of

the volume of the product, the labor of wife and children, or the increased efficiency of labor, is to appeal to the subsistence theory of wages and the "law" of increasing misery, back of which is the Malthusian theory of population, which Marx ridicules.

The distinction made by Marx between constant and variable capital is very important, but leads to conclusions quite contrary to those drawn by him. Buildings, ships, railways, machinery, and other constant capital, cannot increase without a corresponding increase in wheat, flour, bread, cattle, beef, fish, building materials, houses, cotton, woolen and leather goods, and all the forms of variable capital available as food, clothing and shelter for the working class. Constant capital exists for the sake of producing variable capital; it is a means to that end.

Moreover, it is in the production of cheap cottons, woolens, shoes, and other staple articles, such as the poor consume, that machinery is most used, and not in producing luxuries for the rich, which are more commonly made by hand. If, then, variable capital increases more rapidly than the number of laborers, it follows that the value of labor must rise, while the value of commodities relatively falls. In other words, a given quantity of labor must exchange for a larger quantity of commodities than it did before.

Marx practically admits this when he says: "In proportion as capitalistic production is developed in a country, in the same proportion does the natural intensity and productivity of labor there rise about the international level; therefore, nominal wages will be higher, but not necessarily real wages." [1]

Now it is clear that real wages also will be higher, since the price of machine-made commodities will fall. In fact, barring abnormal price movements, such as those caused by the World War, real wages, or the purchasing power of wages, have risen in England, Germany, the United States, and all machine-using countries, while stagnation and poverty characterize the more backward countries, like most parts of Asia, where nearly everything is done by hand.

This is so well understood in England that the socialist writers Sidney and Beatrice Webb, say in their "Industrial Democracy:" "It is not the individual capitalist, but the trade union which most strenuously insists on having the very latest improvements in machinery." [2]

Machinery May Displace Labor.—Labor-saving machinery is labor-displacing, but usually only for a time. As a rule, when improved machinery is introduced in a given industry,

[1] *Capital* (Sonnenschein, publisher), p. 571.
[2] *Industrial Democracy*, p. 413.

such an expansion of the business results that presently more workers are employed than ever before. Thus, in the year 1820 there were about 111,000 operatives employed in the cotton-spinning mills in England, and in the year 1880 about 240,000 were thus employed, and at much higher wages.

In 1880 there were in the United States 3,800,000 persons engaged in manufacturing and mechanical pursuits, and in the year 1910 there were 10,800,000 persons employed in those industries. In 1880 there were 72,700 printers, lithographers and pressmen in the United States, and in 1910 they numbered over 206,000, in spite of the introduction of the linotype and other labor-saving machines.

It is often said that the trusts, by their labor-saving organization, have displaced thousands of commercial travelers, but the United States census seems to show that there were 58,000 commercial travelers in 1890, and no less than 163,000 in the year 1910, being an increase of 180 per cent, while the population of the country has increased by only 65 per cent.

No doubt there has been great hardship connected with the destruction of handicrafts by machine methods, but such revolutionary changes are neither so frequent nor so important as they were at the beginning of the 19th century.

Even then, much of the misery that the hand workers of England suffered might have been prevented had they known how to adapt themselves to the new conditions, as organized workers are usually able to do. While in certain districts hand-loom weavers were starving, in other places there was a growing demand for workers in the new cotton and woolen factories, particularly in the north and west of England. The Webbs go so far as to say: "The really cruel stages of all this suffering are needless. . . . . We have failed to discover a single instance of supersession by machinery in which it would not have been possible for the superseded handicraft at least to have died a painless death. There are industries which have been changed by machinery as thoroughly as weaving, but in which, owing to the enforcement of a different policy by the trade unions concerned, the hand-workers have not only survived, but are to-day busier, more highly paid, and more skillful than ever they were before." [1]

Nor can it be shown that employment is more irregular than formerly. During the Middle Ages all classes of society were dependent upon the crops, which depended upon the weather, than which nothing could be more variable and irregular. Famines were common, so that not

[1] *Industrial Democracy*, p. 417.

only was there frequent stagnation of business and scarcity of employment, but myriads of people died of starvation and pestilence.

In these days of improved transportation, when the world produces for a world market, famines are almost unknown, except in non-capitalistic countries, and most of the workers in the industrial army are employed most of the time, while practically all of the unemployed, the unemployable excepted, are unemployed only a small part of the time.

The best figures on this subject are those of the British trade unions, which show that the mean annual percentages of unemployed unionists in four principal industrial groups varied from 1.15 per cent in 1873 to 10.70 per cent in 1879, the most common percentages being in the neighborhood of 4 or 5 per cent. In the early years of the 20th century, the percentages varied from a minimum of 2.85 in 1900 to 6.80 in 1904 and 4.30 in 1907.[1]

Statistics of unemployment in the United States are incomplete and unsatisfactory, but such as there are seem to show that fluctuations in employment in the State of New York and in Massachusetts are much greater than in Great Britain, perhaps because of extreme climatic and

[1] W. H. Beveridge, *Unemployment*, p. 39. A. C. Pigon, *Unemployment*, p. 28.

seasonal changes, and the congestion of population, especially recent immigrants, in the eastern cities. The Massachusetts statistics as to employment of organized workers show that from 1909 to 1918 unemployment varied from 3 per cent for the quarter ending June 29, 1918, to 18.3 per cent for the quarter ending December 31, 1914.[1]

Certainly, unemployment is all too prevalent in this country, especially in the winter months, but it cannot be attributed to the use of machinery nor to conspiracy on the part of employers. As Marx himself says, capitalists desire to have their capital constantly employed. Capital seeks labor just as labor seeks capital, and the fact that they do not always meet must be due to imperfect organization of industry and imperfect foresight of future industrial conditions.

As production becomes more scientific and organization more perfect, there will doubtless be less idle capital and fewer idle workers, and improvements in machinery and methods will be introduced without the loss and distress that so often accompany them at the present time.

Machinery Makes for Shorter Day.—What Marx says about machinery in relation to the hours of labor is but a half-truth, neglecting the

[1] F. T. Carlton, *The History and Problems of Organized Labor*, pp. 507-510.

influence of trade unions and other forces making for a shorter working day. In fact, machinery has made possible the shorter day, and in many lines of business both employers and employees work together to that end. It is frequently unprofitable to run machinery day and night, but in any case it is usually better to work shifts than to prolong hours.

A man, week in and week out, can do more in ten hours than in twelve or fifteen, and in many industries he can do as much in eight hours as in ten. An English manufacturer, Lord Leverhulme, has introduced a six-hour day in his soap factories at Port Sunlight, and believes that many other manufacturers will find his system of two six-hour shifts preferable to a single shift of eight hours.

Machinery Not a Blight.—The narrowing influence of machinery upon the worker has been greatly exaggerated. A higher degree of intelligence is required to operate complicated machinery than to work with simple tools. The locomotive engineer is a man of broader gauge than a cab-driver, and a farmer who runs a mowing machine requires more intelligence than his predecessor who used to cut hay with a scythe.

The specialist may have a small task to perform, but he may be a good workman in several other lines, and often has a general mechanical

training as well. Besides, the life of a worker in a great factory is in many respects broader than that of the handicraftsman in his little shop. The modern workman, too, often enjoying considerable leisure, has the broadening influence of the public school, the library, the trade union, the lodge, the institutional church, and the athletic club, so that, both mentally and physically, he is, or may be, the superior of the artisan of former times.

Men Not Displaced by Women.—Women and children, while they may displace men in certain fields of work, can never displace them from the industrial army so long as most occupations demand strength, endurance, and other qualities which men possess in a pre-eminent degree.

Machinery has increased the demand for men, while at the same time making places for women, with the result that the total product of industry has been greatly increased. Wages are paid out of the product of industry, and women workers, creating at least as much as they receive, have not diminished the share receivable by men.

In the year 1890 the number of women and girls engaged in gainful occupations in the United States was, in round numbers, 4,000,000, and in the year 1910 they numbered 8,000,000. If these women could not earn their own living, in whole or in part, they would be a burden upon

their male relatives, and the nation's income would be reduced by the amount of the commodities produced and the services rendered by them. That men have not been displaced by the increased employment of women is shown by the fact that in the year 1910 there were 30,000,000 males engaged in gainful occupations, as against 19,000,000 in the year 1890. In the year 1910, therefore, there were over 38,000,000 people engaged in gainful occupations out of a total population of 91,000,000, or an average of about two bread-winners to every five persons.[1]

The theory that the income of a family is no greater when several members work than when the burden of their support falls on the man alone, is a modification of the Malthusian theory of population and quite contrary to experience and common sense. It may apply, possibly, to certain restricted localities, or to certain Asiatic countries, where every betterment of the laborer's lot results in early marriages and rapid increase of population, but it has not been true of the western world in general during the past hundred years.

Domestic and Professional Workers.—Domestic servants are relatively decreasing in numbers, while their wages are rapidly increas-

[1] *Thirteenth Census of the United States* (1910), Vol IV. Occupation Statistics.

ing, as every employer of that sort of labor knows to his cost. From 1890 to 1910 the number of "servants and waiters" increased by only 27 per cent, while the working population in the same time increased by 60 per cent. In fact, the wages of domestic servants are a good index of the increasing prosperity of the working class, and a convincing refutation of the "law" of increasing misery.

Clergymen, physicians, teachers, artists and other persons who render professional and personal service are as productive as any laborers, even though they may not directly create material wealth. Also, they serve the working class more and more, for the increased productivity of modern industry has made it possible for the poorest wage-earners to have something more than the bare necessaries of life.

The socialist theory that industrial crises are traceable to over-production of consumable goods and the decreasing purchasing power of the working class has been often refuted and will be considered in detail in the next chapter.

While it would be absurd to deny that there are evils connected with the private ownership and use of machinery, it is equally absurd to say that these evils must grow worse and worse, until they destroy the capitalism that engendered them, and reveal a new and almost perfect social

order emerging from the outworn shell of the old. Socialists, with all their historical sense, habitually glorify the remote past and the distant future, but look upon the present with an evil eye. If they could see the world as it is, in the right perspective and with its lights and shadows, they would know that the wage-earners of today, with all their troubles, are more prosperous, more intelligent, and more independent than their predecessors of any former time.

He who thinks of the future in sober reason, undazzled by impracticable ideals, must see that the progress of the working class is likely to be made, not by following by-paths and vain lures, but by keeping pretty well to the beaten track, and giving due heed to the old landmarks which the fathers have set.

Perhaps the path will broaden out and become less arduous as time goes on, although, if all difficulties were to disappear, we might justly suspect that we were going down the broad and easy road that leads to destruction. In any case, it is well to keep our eyes open, that we may, if possible, see the direction in which we are moving, for, as Bishop Butler finely says: "Things and actions are what they are, and the consequences of them will be what they will be; why, then, should we desire to be deceived?" [1]

[1] *Sermons at the Rolls.*

VIII

THE SOCIALIST THEORY OF CRISES

Socialists have little to say about the financial features of crises, which loom so large at the present day, but they have a clear-cut and very simple theory of industrial crises, derived from the predecessors of Marx: Fourier, Sismondi and Rodbertus. According to this explanation, crises are due to the enormous productiveness of modern machine industry, coupled with the increasing misery of the working class. Rodbertus says: "With increasing productiveness of the labor of society, the wages of the laboring class become an ever smaller portion of the national product. . . . The productiveness of labor has increased and continues to increase, while the quantitative sum of wages has at best not increased in like proportion, has perhaps remained stationary or even fallen." [1]

It is a question of supply and demand, the

[1] K. J. Rodbertus, *Overproduction and Crises*, 1850. Translated by Julia Franklin, 1898, pp. 71, 73.

supply increasing with every improvement in machinery and methods, the demand falling off because the mass of the people cannot buy, their wages being kept down to the level of bare subsistence. Presently there is a glut or surplus culminating about once in ten years in a crisis or panic, followed by a period of depression, then by a time of prosperity leading up to another crisis more disastrous than the former, and thus decade after decade capitalism suffers from periodic attacks of an incurable disease.

Rodbertus held that crises could be abolished by giving to the working class the full product of their labor, so that consumption might keep pace with production, demand with supply. He said that unless society should wake up to the necessity of securing this ideal distribution of income, "history will indeed have to swing the lash of revolution over her again." [1]

Marxian View of Crises.—Marxian socialists think that capitalism cannot cure its own diseases, and that crises will increase in frequency and violence until the final collapse of the decaying system in which they rage like an intermittent fever. Engels says: "The mode of production rises in rebellion against the form of exchange. The bourgeoisie are convicted of incapacity further to manage their own productive forces.

[1] Rodbertus, *op. cit.*, p. 140.

The proletariat seizes political power and turns the means of production into state property." [1]

Engels did not altogether follow the theory of Rodbertus, and even attacked it, laying more stress upon "anarchy of production" as the chief feature of competitive capitalism. This anarchy, however, results in planless, excessive production, so that he comes back to overproduction and underconsumption as the basic causes of industrial crises. He says: "The enormous expansive force of modern industry, compared with which that of gases is mere child's play, appears to us now as a necessity for expansion, both qualitative and quantitative, that laughs at all resistance. . . . The extension of the markets cannot keep pace with extension of production, the collisions become periodic" [2]

The position of Marx in this regard is somewhat doubtful and even contradictory. In the second volume of "Capital" he ridicules the theory of Rodbertus thus: "It is mere tautology to say that crises are due to lack of consumers who are able to pay for what they want. . . . Crises in each instance are engendered in times in which wages, as a rule, are rising and the working class is actually retaining a larger share of

[1] F. Engels, *Socialism, Utopian and Scientific* (Sonnenschein, publisher).
[2] *Ibid.*, p. 41.

the part of the yearly products which is destined for general consumption." [1]

But in the third volume he says: "The ultimate cause of all real crises always remains the poverty and restricted consumption of the masses as compared with the tendency of capitalist production to develop the productive forces in such a way that only the absolute power of consumption of the entire society would be their limit." [2]

Notwithstanding such contradictions, which are as common in the works of Marx as he imagines them to be in capitalism itself, the theory of Rodbertus, with minor modifications, has remained the orthodox Marxian view until the present day. Thus, L. B. Boudin, in "The Theoretical System of Karl Marx" (1907) says: "Anarchy in production is not the chief cause of crises according to Marx. . . . This cause is the inherent contradiction of the capitalist system, the dual position of the laborer as a seller of his labor-power and a purchaser of the products of his labor-power, and the creation of a surplus product flowing therefrom which must result in an over-production of commodities quite apart from the anarchy of production." [3]

[1] Cited by Simkhovitch, *Marxism versus Socialism*, p. 230.
[2] *Ibid.*, p. 231.
[3] L. B. Boudin, *op. cit.*, p. 238.

Foreign Commerce.—In recent years socialists have called attention to foreign commerce as making an outlet for the surplus products of capitalistic countries. In this way, they say, the downfall of capitalism will be postponed until the markets of Russia, China, South America, Africa, and other backward countries are as fully exploited as those of western Europe and the United States.

Then there will be for capitalism no more worlds to conquer, no other outlet for surplus products, which will quickly accumulate until there shall be in every line an enormous overproduction, when the most fearful crisis in history will occur, involving the final and utter collapse of capitalism. Then the proletarians of the world will take control and reconstruct society on the new foundation of international collectivism.

Victor Berger, in his testimony before the Committee on Elections of the House of Representatives on July 24, 1919, made much of this struggle for world markets, declaring it to be the chief cause of the World War. He said: "Every manufacturing country was and is in the same boat as we are—looking for markets to sell their surplus products. Not in any country and under no circumstances can the producers get money enough to buy back the prod-

ucts of the country under the capitalist system. No matter what we do we cannot get rid of all our surplus production—we can't sell it; there is not market enough for it in the world."

The inference is clear. Capitalism in every country, trying to escape from itself, carries its contradictions and conflicts to every part of the world, only to find itself pursued by the evil genius of the system. Sooner or later the avenger will overtake it, and the old order, economic and political, capitalistic and imperialistic, will go down to ruin.

In all this can be seen the strange consistency and inconsistency of "scientific" socialism—consistent with itself as a great product of the imagination, but quite inconsistent with the facts which it is supposed to explain.

The socialist theory of crises is in perfect harmony with the rest of the Marxian system. It goes back to Hegel in that it is an expression of revolutionary dialectics, which finds contradictions everywhere, especially in capitalistic society. Capitalism, in this view, is torn and shaken by contradictions generated by the conditions of production and exchange. We have value created by labor and surplus value seized by the capitalist, socialized production and individualized distribution, few magnates and many proletarians, concentration of wealth and increas-

ing misery, increasing production and decreasing consumption, expansion of supply and contraction of demand—all pointing to the breakdown of capitalism, the intensification of the class struggle, and the speedy coming of the social revolution.

Here are suggested two ways in which the end of the capitalist world might come: first, by the expansive and explosive power of modern industry; second, by the action, direct or indirect, of the working class. The theory of crises, of course, lays stress upon the former, but by no means exclude the latter.

Socialist Theory Is False.—In criticism of this theory it may be said that while overproduction of consumption goods in many lines, though not in all, invariably accompanies an industrial crisis, the cause of it is not the increasing poverty of the working class, but an accumulation of mistakes in production, traceable to the limitations of human ability and prescience contending with the difficulties and complexities and incessant changes of the business world. Marx himself admits that the condition of the working class improves during the time of prosperity which precedes and gives rise to the crisis, thus contradicting the central point of the socialist theory.

As Tugan-Baranowsky, T. E. Burton, Lang-

worthy Taylor, M. T. England, Wesley Mitchell, and many other authorities on this subject have often shown, the causes of the crisis are to be found in the period of prosperity which leads up to it, when prices, wages, and profits are all rising, where there is little unemployment, active demand, and no glut or surplus of consumption goods. Such overproduction as there is consists rather in factories, machinery, railways, ships, and other capital goods, which have not yet yielded satisfactory returns upon the investment because they have not created as large a supply of goods and services as was expected, or because the demand, for various reasons, lags behind.

Besides, there is the financial side of every crisis, and some crises are more financial than industrial, so that the system of credit and banking, practically ignored by orthodox socialists, has far more to do with crises or panics than the alleged increasing misery of the working class.

Self-Contradiction.—Moreover, it can easily be shown that the socialist theory of crises contradicts itself. If we assume, with Rodbertus, that the product of industry increases faster than the sum of wages, then one of two things must happen: the goods are sold or they are not sold. If they are sold, they must be sold at a price which will enable the workers to buy them, in

which case prices fall, and the workers, whatever their money wages, enjoy an increase in real wages, by virtue of the abundance of the necessaries and comforts of life.

If, on the other hand, the goods are not sold, there must be perpetual over-production and a continual crisis, which is a contradiction in terms. Perpetual over-production is impossible and contrary to experience, so that the increasing productiveness of modern industry must and does cause prices to fall and real wages to rise, while business men and capitalists, as the process goes on, must content themselves with smaller profits and lower rates of interest.

Again, if we suppose, for sake of argument, that the working class, because of increasing misery, cannot buy, is it not absurd to suppose that business men will go on producing, year after year, commodities for which there is no demand? Will they not rather, in view of the stationary or declining demand for the necessaries of life, the things consumed by the working class, produce luxuries for their own class, whose purchasing power is unlimited, or limited only by the ever-increasing mass of surplus value?

This, as a matter of fact, is what business men do. They produce for the market, in response to demand, which is controlled by the people who

have purchasing power. If the wealthy have it, and wish to spend rather than to invest, many luxuries are produced; if the working-class have it, necessaries, comforts, and some luxuries will be produced for them. Indeed, as has been shown in the preceding chapter, modern machine methods have notably increased the quantity and reduced the price of the leading staples, which are chiefly consumed by the laborers and the middle class.

The force of this criticism cannot be evaded by saying that the exporting of surplus products to foreign lands postpones the final crisis and collapse of capitalism. The embarrassing surplus of unsalable goods of which they speak does not exist. The so-called surplus is created in response to foreign demand. If there were no foreign demand the surplus would not be created, except by accident or as the result of miscalculation of the home demand.

If the United States were shut out from all the markets of the world, she would lose the profits of her foreign trade, do without coffee, rubber, tropical fruits, and other useful commodities, and would suffer hardship for a time, but chronic over-production of cotton, wheat, cattle and the like would not be the permanent result. Before long production would be adjusted to demand, the elimination of foreign

commerce might tend to reduce the severity of crises, and farmers, manufacturers, merchants and laborers, deprived of the advantage previously enjoyed, would cut their coat according to their cloth.

The United States could get along fairly well without foreign commerce; but England, Belgium and other populous manufacturing countries absolutely need the foodstuffs of other countries to feed their people, millions of whom would die if isolated from the rest of the world. Therefore, capitalism is not the chief power impelling nations to seek foreign markets, to acquire colonies, and, at times, to make war for the attainment of these ends. Manufacturers and merchants are but the agents of the people in carrying on these activities, although, of course, they are fighting for their own hand. A socialist England, under the same pressure of population, might be even more militaristic and navalistic than the bourgeois England of the present day. Indeed, there is reason to think that capitalism, with its network of international connections, is more pacifistic than any socialist nation would be, with its aggressive propaganda for the conversion of the world.

Socialist Prophecy Groundless.—As to the prophecy concerning the final crisis and end of the capitalist world, it may justly be said that

no part of socialist doctrine is more groundless than this, nor any article of their creed more plainly due to what philosophers call "the will to believe."

Crises, as is well known, are characteristic of periods of development and progress, and not of times of conservatism and attainment. While the world is being exploited and developed, and the nations are competing with one another for the largest possible share in this growing and profitable trade, periods of rapid development are sure to be followed by times of crisis and depression. But when these pioneer days come to an end, international commerce will probably settle down to comparatively steady and regular business, without the enthusiasms, risks and losses of those adventurous times.

Orthodox socialists have been expecting the end of the capitalist world for a long time, and every industrial and financial crisis makes them think that the day of wrath is at hand. Shortly after the world crisis of the early 'nineties, the International Socialist Congress of 1896 passed the following resolution: "The economic and industrial development is going on with such rapidity that a crisis may occur within a comparatively short time. The Congress, therefore, impresses upon the proletariat of all countries the imperative necessity of learning, as class-con-

scious citizens, how to administer the business of their respective countries for the common good." [1]

But after that time there was no world crisis of the first magnitude until the year 1914, when the World War broke out, and even then capitalism did not collapse, but rose to the occasion in a most extraordinary way, carrying the nations along through more than four years of war and three years of slow and painful recuperation.

The Present Crisis.—The crisis which is now on, and which may be followed by years of depression, was not caused by the increasing misery of the working class, but was the natural result of great inflation, waste, piling up of debts and credits, expansion and restriction of production in many lines, and general dislocation of the financial and industrial system. Nor is it likely to result in the breakdown of capitalism, even though it may be accomplished by widespread bankruptcy, serious losses to business men and other property owners, and much hardship among the working class.

In spite of all that, the industrial structure, like a damaged ant-hill or honeycomb, will be built up again, much as before, unless, indeed, the workers rebel against their leaders and try

[1] Bernstein, *Zur Geschichte u. Theorie d. Socialismus*, p. 221.

to set up a totally new system of control. This would not be the predicted collapse of capitalism by industrial crisis, according to the formula of Rodbertus, but the final outcome of the class struggle, the revolt of the proletariat, upon which, when all else fails, Marxian socialists take their final stand.

The fact is that capitalism, like a healthy living organism, has wonderful powers of adaptation to changing environment, and of recuperation after severe strains and deathlike wounds. Even before the War, the United States was protecting itself against financial troubles by improving the system of credit and banking, especially through the Federal Reserve Act, which took effect on November 16, 1914. When the war broke out the monetary stringency was relieved by the issue of emergency notes under the Aldrich-Vreeland Act, which tided over the danger until the Federal Reserve Board had the situation well in hand. The Board may have made mistakes, but it has doubtless prevented a serious financial crisis on more than one occasion.

Similarly, the European countries have carried on four years and more of war without financial collapse, by means of the moratorium, the closing of stock and produce exchanges, advances by the great central banks, the issue of emergency currency, and other devices. Even

if great financial disaster should come, the Allied nations, at least, will not consider it too great a price to pay for victory and peace.

Protective Tendencies. — Nor would it be hard to show that capitalism is protecting itself against industrial crises also, by means of better methods of promotion and investment, by scientific production, by business education, by the analysis of industrial conditions which makes a certain degree of prediction possible, by co-operation among business men, and by the concentration of ownership and control, which, if not carried too far, may stabilize and regulate the industrial organization, and give it a certain immunity from the worst effects of industrial crises. This tendency is recognized by some socialists, notably Bernstein, who says: "Without allowing myself to prophesy concerning the final outcome of syndicates and trusts, I have recognized the possibility of lessened danger from crises because of the adaptation of production to the needs of the market." [1]

Thus is brought to light another contradiction in the Marxian system, between the theory of anarchic or planless production, resulting in crises, and the theory of the concentration of capital resulting in increasing exploitation and the rebellion of the working class. Unable to

[1] Bernstein, *Die Voraussetzungen d. Socialismus* (1899), p. 76.

hold both of these inconsistent doctrines, most socialists have ceased to look for the collapse of capitalism by the way of over-production, and center their hopes on the concentration of capital, the elimination of the middle class, and the peaceful or violent uprising of the proletariat. In fact, the overproduction and underconsumption theory is so illogical and unsound, that it would have been repudiated long ago, but for its tactical value in socialist propaganda.

IX

THE MARXIAN THEORY OF THE CONCENTRATION OF CAPITAL

Marxian socialism is scientific in intent, if not in content, because it tries to formulate the laws of social evolution and professes to see the new social order growing, as an embryo, within the body of the old.

The concentration of capital was partly observed by Marx, but for the most part deduced from the theories of value and surplus value in terms of the Hegelian logic. In fact, the theory proceeds so logically, step by step, from premise to conclusion, that one suspects, at the very outset, that it has but slight relation to the facts in the case. Certainly, the "law" of the accumulation and concentration of capital was not proved statistically, but thought out by Marx as a mathematician derives one proposition after another from preliminary definitions, axioms and postulates.

The argument runs about like this: All value is created by labor, which has the "peculiar"

power of creating more value than it receives. This surplus value, stolen by the capitalists, grows ever larger with every improvement in machinery and methods of production, while the misery of the working class increases more and more. Wealth accumulates, because neither the laborers nor the capitalists can consume it, and, as competition grows fiercer, the big capitalists, the most efficient, eat up the little ones. Thus the middle class gradually disappears, and the proletariat, the many, seeing great wealth in few and feeble hands, take it away from them, as the strong, in the struggle for existence, have always done.

Marx Anticipated. — Socialists often give Marx credit for having prophesied the concentration of capital as realized in the trusts and combinations of the present day, but several other writers had already done that. The brilliant French economist, Constantin Pecqueur, in his "Economie Sociale" (2d ed., 1839), whose work was well known to Marx, anticipated him in a remarkable way, thus: "Everyone knows that, in reality, in using steam to reduce the cost of products and realize great advantages, it is necessary to operate on a large scale, to use large amounts of capital and a large number of workmen; in a word, to produce on a large scale. . . . One may readily infer that joint stock com-

panies or very rich individual capitalists and manufacturers will swallow up the work of the small producers, killing them off by competition which is immeasurably unequal and cruelly pitiless. . . . Either on the disappearance of small-scale production the small producers will be co-partners of the large concerns; or they will degenerate into paid workmen, into a herd of serfs working from day to day in factories; into proletarians, always poor, always without a future; and all the large industries will be exclusively monopolized by an industrial feudalism." [1]

The oft-quoted statement of Marx himself, though strikingly eloquent, does not add much to this. In "Capital" he says: "This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many. . . . Along with the constantly diminishing number of the magnates of capital who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working-class, a class always increasing in numbers and disciplined, united, organized by the very mechanism of the process of capitalist

[1] Cited in Simkhovitch, *Marxism versus Socialism*, p. 48. Cf. Marx, *Capital*, p. 787.

production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private capital sounds. The expropriators are expropriated." [1]

Agriculture.—The concentration of capital, simple as the concept may seem to be, has become quite complex, including at least three more or less distinct ideas: large-scale production in single plants, the combination of a number of plants into a trust or "combine," and the concentration of wealth in the hands of a few magnates of capital. Then, too, the degree of concentration varies greatly according to the nature of the business, whether agriculture, mining, merchandising, manufacture or transportation.

Marx detested peasants, as a class, regarding them as the greatest obstacles in the way of socialism. But, in his opinion, they were a vanishing race, destined to go down before the march of capitalism. Engels expected the peasants of western Europe to be ruined by Russian and American competition, after which small hold-

[1] *Capital*, p. 788.

ings everywhere would be swallowed up by great estates and bonanza farms.

Perhaps, if Marx and Engels had had more experience of country life, they would have understood the advantages of the small farm and the extreme difficulty of applying capitalistic methods to agriculture. At any rate, agricultural statistics in all countries are quite at variance with the socialist prediction.

For example, in Germany, in the year 1882, no less than 94.19 per cent of the farms were of less than 20 hectares (50 acres), and 14,174,539 hectares out of a total of 31,868,972 hectares were thus held. In the year 1895, the situation was practically the same: 94.48 per cent of the farms were under 20 hectares, and 45.57 per cent of the total area consisted of such holdings.[1]

The American farm is, of course, far larger than the European, but it shows a tendency to diminish in size. According to the United States Census, the average size of farms in the year 1850 was 202.6 acres; in the year 1900 it was 146.2 acres; and by the year 1910 it had fallen to 138.1 acres.[2]

True, the value of the average farm, including buildings, machinery and livestock, in the year 1850 is given as $2,700, in 1900 it was $3,563,

[1] *Statistik des Deutchen Reiches.* N. F. Bd. 112, p. 11. Cf. Skelton, *Socialism*, p. 159.

[2] *Thirteenth Census of the United States.* Abstract.

and in 1910 it was $6,444. This, of course, indicates the prosperity of the American farmer rather than his approaching annihilation

A. M. Simons, in "The American Farmer" (1903) and later writings, has tried to show that the increase of tenancy and farm mortgages, together with the activities of banks, railway companies, elevator, cold storage and packing companies, and the like, have made the farmers more dependent than formerly on the "big business" of New York, Chicago, Minneapolis and other great cities.

Apart from the fact that these various agencies have been of immense benefit to the farmers, especially in the West, this new interpretation of concentration is very far-fetched and quite foreign to the thought of Marx. Certainly, this great industry, the property values of which, in the year 1910, were estimated at $46,000,000,000, or about a fourth of the total wealth of the United States, must be excluded from the "law" of concentration until some time in the dim and distant future.

Wholesale and Retail Trade.—Then there is another great field in which concentration, though considerable, has fallen far short of the socialist expectation, and that is wholesale and retail trade. According to the United States Census there were 42,326 "wholesale merchants

and dealers" in the year 1900, and no less than 64,166 people of this class in the year 1910. The figures, of course, say nothing about the volume of business done by these people.

Retail merchants have not multiplied so rapidly as those calling themselves wholesalers, but it is generally admitted, even by socialists, that small merchants are holding their own very well against the great department stores, the chain stores and even the mail-order houses. The number of "retail merchants and dealers" in the United States increased from 790,886 in the year 1900 to 939,987 in 1910.[1]

The Financial Power.—As to railway transportation, it is often said that about eight groups of owners own and control some two-thirds of the mileage of the United States, but there have been few mergers in recent years, for, in most cases, the expected profits of centralization have not materialized. Moreover, the railways of the United States after all their consolidation, do not yet seem "ripe" for socialization.

In the financial field the existence of a "money trust" has been often asserted and as often denied. The report of the Pujo Committee in 1913 stated that 20 of the largest banks in New York City held 42.97 per cent of the total re-

[1] *Thirteenth Census of the United States* (1910). Occupation Statistics.

sources of the city bank and trust companies, while the banking resources of the city amounted to about a fifth of those of the whole country. It also stated that those financial interests, through interlocking directorates, had large control over the policy of 112 corporations having aggregate resources or capitalization of $22,245,000,000. The committee, however, did not show how the New York financial interests used their power. They said: "Your committee has no evidence that this power is being used oppressively, and no means of ascertaining the facts, so long as their profits are undisclosed."[1]

New York City is, of course, the financial center of the United States, and it is not surprising to learn that twenty of its chief banks own a tenth or twelfth of the banking resources of the country. A list of twenty great Canadian banks, with all their branches, would make a far more formidable showing, yet they compete very actively with one another.

Nor is it strange that many of the great corporations have their head offices in New York or New Jersey and that prominent financiers should be members of various directorates. It is a long story, with much to be said on both sides, but it is safe to say that both the degree of concentration

[1] *Report of the Committee to Investigate the Concentration of Control of Money and Credit*, February 28, 1913, p. 133.

and the restriction of competition in the financial world are far less than is commonly supposed.

Manufacturing.—But it was in manufacturing that Marx expected concentration to have its full effect, and during the past twenty years socialists have pointed to the great American "trusts" as a striking fulfilment of his prediction. Yet even here the movement seems to slacken and fall short of the mark.

In the year 1904 there were 216,180 manufacturing establishments in the United States, and in the year 1914 there were 275,791 of such establishments. Of course, not all of them were independent concerns, as several "establishments" might be owned by a single corporation. Certainly, the corporation is of growing importance, for in the year 1904 no less than 71.9 per cent of the "value added" was produced by corporations, and in the year 1914 the contribution of corporations amounted to 81.9 per cent of such value. "Value added," it may be said, in passing, is the value of the product less the value of the materials used.[1]

Large scale production, too, is going on apace. The manufacturing establishments of the largest size, having a yearly product valued at $1,000,000 or more, in the year 1904 produced 29.9 per cent of the value added, and in the year 1914

[1] *Thirteenth Census of the United States* (1910). Abstract.

their quota was 41.4 per cent. The figures, of course, do not show whether manufacturing is being "trustified" or not, nor the extent to which combination is likely to prevail in the future. There is reason to think, however, that the movement is nearing its limits. Jenks and Clark, in "The Trust Problem" (1917) say: "In estimating the extent of both the economic and social effects of industrial combinations it is essential to note that their activity is limited now to only a part of the industrial field, not more than 25 per cent, at the most, and there seems no likelihood that they will in this era, if ever, cover it entirely."[1]

Even the most notorious trusts seem to have trouble in dominating their respective industries. In the year 1904, the Standard Oil Company produced 86.5 per cent of the illuminating oil refined in the United States, but since that time, because of competition in California, Texas and Oklahoma, the proportion of the dissolved companies has been much reduced. During the early years of the American Sugar Refining Company it refined from 80 to 90 per cent of the national output, but its proportion was not over 60 per cent in the year 1910, and, according to the Sugar Trade Journal, it was only 33.64 per cent in the year 1916.

[1] Jenks and Clark, *op. cit.*, p. 212.

The International Harvester Company produced in the year 1902 about 90 per cent of the binders, 80 per cent of the mowers and 67 per cent of the rakes manufactured in the United States, whereas in the year 1918 the quotas were reduced to 65 per cent, 60 per cent, and 58 per cent, respectively.

The United States Steel Corporation, organized February 23, 1901, produced in that year 43.2 per cent of the pig iron, 66 per cent of the steel ingots, 60.7 per cent of the steel rails and 50.1 per cent of finished rolled product, including structural materials; but in the year 1911 the Steel Corporation manufactured 45.2 per cent of pig iron, 54 per cent of ingots, 57.1 per cent of rails, and 45.7 per cent of the rolled product. These products, of course, are the raw materials for the manufacture of more highly finished products, in which combination has not gone so far.[1]

Diffusion of Ownership.—Even if all the manufacturing industries of a given country were completely trustified and monopolized, and they are very far from that, they would not fulfill the Marxian test of "ripeness" for socialization unless the ownership of them were also concentrated in a few hands. But, on the contrary, there is a strong tendency toward diffusion of ownership,

[1] 223 Federal Reporter 55.

as industrial corporations increase in size, by which they have gained strong support in unexpected quarters.

According to the great German revisionist, Eduard Bernstein, there were in England in the year 1898 more than a million shareholders in industrial corporations. Spargo and Arner, writing in 1912, said that the shareholders in the Manchester Ship Canal numbered 40,000, and that "Lipton's" had 74,000 shareholders.

Similar figures could be given for all of the great American industrial corporations. Swift & Company stated on January 6, 1921, that they had over 40,000 shareholders, of whom more than 13,000 were employees. In the year 1919 the Pennsylvania Railroad had 117,225 shareholders, and twenty of the principal railway companies of the United States had no less than 525,689 shareholders. In the year 1904 these railways had only 154,610 shareholders.[1] Of course, many of the larger shareholders are counted more than once, but there can be no doubt that there are at least 500,000 individual railway shareholders in the United States, and one could safely guess that there are several millions of separate, individual shareholders in industrial, commercial and financial corporations, possibly 5,000,000, or more.

[1] Slason Thompson, *Railway Statistics of the United States*, 1919, p. 94.

Unquestionably, the ownership of industrial corporations has been highly concentrated, but now appear strong counter-tendencies toward diffusion of ownership, by which the great corporations may be largely democratized. In such an event they will, like living organisms, change with the changing conditions, and, without collapse or revolution, socialization may be indefinitely postponed.

As a parody of the celebrated prophecy of Marx, one might say, with some degree of probability: "Centralization and decentralization of the means of production, with diffusion of ownership, especially among the workers, at last reach a point where producers, large and small, and their employees can meet on common ground. The more industrious and frugal among the workers, receiving both wages and profits, join hands with the management, and capitalism, adapting itself to the changing environment, continues indefinitely."

X

THE MARXIAN PROPHECY OF THE ELIMINATION OF THE MIDDLE CLASS

Like all Hegelians, Marx interprets human life in terms of contradictions, which go by twos, so he finds in every historical stage two chief contending classes: master and slave, baron and serf, capitalist and proletariat. Yet, he must have known that at all times there have been many people who did not belong to either of the opposing classes, or were partly in one and partly in the other.

So, while Marx sees in modern society but two great rival classes, he cannot ignore the millions of unclassified people—working capitalists, property-owning workers, traders and others—who, for lack of a better word, are usually known as the middle class. Obviously, they act as a buffer between the great capitalists and the proletarians, and are a stumbling block in the way of socialism, wherefor Marx writes of them in contemptuous terms, as though their very existence were an impertinence. He is pleased to think

of them as a decadent and vanishing group, a sort of vestige, like the vermiform appendix, which will be removed because it no longer contributes to human well-being and progress.

The Middle Class.—The middle class, in the view of Marx, are the survivors of the once powerful, independent, enterprising and useful burghers or guildsmen of early times: master craftsmen and merchants, small proprietors working in their little shops side by side with their journeymen and apprentices, before machinery and the industrial revolution came to spoil the peace of these happy industrial families.

But modern equipment was expensive and beyond the reach of most merchants and manufacturers, so it gave a tremendous advantage to those first using it, enabling them to accumulate much surplus value, to produce on a large scale, to sell cheaply, and, by the power of competition, to kill off their weaker rivals. Thus capital tends to be concentrated in fewer and fewer hands, the middle class is eliminated, and the day of revolution draws near. In the Communist Manifesto, Marx and Engels say: "The lower strata of the middle class—the small tradespeople, shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants—all these sink gradually into the proletariat."[1]

[1] *Communist Manifesto* (Kerr, publisher), p. 23.

Unquestionably, the removal of the middle class would greatly simplify the social problem, making it easy for the proletariat to expropriate the remaining capitalists, but, with strange disregard of Hegelian dialectics, the middle class obstinately refuses to disappear.

Agriculture.—Certainly, the European peasant is not being eliminated, and the small farmer of the United States, notwithstanding the drift toward the cities, continues to exist as the largest and most powerful single class in the country. In the year 1900, according to the census, there were in the United States 5,674,875 "farmers, planters and overseers," and in the year 1910 there were 5,981,522 people of that class.

True, many of them were tenant farmers, and tenancy is increasing. In the year 1900, out of 5,737,372 farms, 35.3 per cent were occupied by cash or share tenants, and in the year 1910, out of 6,361,502 farms, 37 per cent were occupied by tenants. Then, too, many farmers are poor, many have their farms mortgaged, and many receive but a small "labor income" after allowing 5 per cent interest on the value of their farms.

But tenancy is usually a step toward ownership; mortgages are more often a sign of prosperity than the reverse; and the statistics of "labor income" are very misleading, because they apply only to owners, not to tenants, and take no

account of the increase in land values, which has been the farm owner's chief source of income during the past twenty or thirty years. Besides, even poor farmers, like the peasants of Europe, are seldom revolutionists, and their so-called socialism is at bottom nothing more than middle-class radicalism.

A good illustration of that is the radical legislation passed in New Zealand in the nineties and after, by the Liberal-Labor Party of Ballance, Seddon and Ward. The small farmers and the agricultural laborers, desiring to break up the great estates, formed an alliance with the labor unions and put through a rather startling program of legislation for their mutual benefit. But when the small farmers got what they wanted they broke away from the labor alliance and came out in their true colors as faithful members of the middle class—because they had something to lose. To the same class belongs the radicalism of the Grangers, the Populists and the Progressives, and even the farmers of the Non-Partisan League who, with all their experiments in "state capitalism," desire little more than to share the profits of the big capitalists.

Again, there were in the year 1910 no less than 6,088,414 "agricultural laborers," most of whom were farmers' sons, serving their apprenticeship and expecting to become tenants or own-

ers as soon as possible. If to the total number of "farmers, planters and overseers" we add only half of the agricultural laborers, with gardeners, florists, stock raisers and the like, we have, roughly, more than 9,000,000 people of the farming class, about a fourth of all the "gainfully employed" in the United States.

Manufacture.—A further examination of the census reports shows that the old middle class of small merchants and manufacturers is still very numerous. From 1900 to 1910 the number of merchants and dealers increased from 833,212 to 1,004,157, and the number of "manufacturers and officials" increased from 243,009 to 565,905. Closely connected with these are a number of other occupations, such as restaurant keepers, bankers and brokers, officials of banks and companies, and so on, a complete enumeration of whom would run the number of merchants and manufacturers very near to 2,000,000.

Professions and Skilled Labor.—Then there is a new middle class, scarcely existing a hundred years ago, but now numbered by millions. They are not usually independent proprietors, like farmers or small merchants, but rather people of medium incomes who enjoy a comfortable living, own more or less property, and are not proletarians in any sense of the word. Such are the so-called "professional" people, including actors,

architects, artists, clergymen, dentists, engineers, journalists, lawyers, literary and scientific persons, musicians, government officials, teachers and professors in colleges. The total number of these, according to the census, is 1,825,127, of whom probably a small minority are "intellectual proletarians."

Besides there are many well-paid agents, commercial travelers, heads of departments, buyers and salesmen. Again, there is an enormous number of small shareholders in manufacturing, mercantile and financial corporations who, as industry becomes centralized, represent the decentralization and diffusion of ownership, a movement scarcely begun which may go far toward democratizing and popularizing "big business."

Finally, we have railway engineers and conductors, carpenters, bricklayers, plumbers, machinists and many other unionized workers, the aristocracy of labor, whose "wages" are higher than the "salaries" of many soft-handed workers, and who, though wearing overalls at work, are not to be distinguished from other members of the middle class on Sundays and holidays.

Middle Class Dominant.—How large the middle class, all told, actually is, it would be hard to say, but a rough guess may be made on the basis of the figures given by Wilford I. King. If

measured by the ownership of property only, it numbers about a third of the population of the United States, who own about a third of the total wealth. If measured by income, as it should be, it includes more than half of the people, many of whom have good incomes but have accumulated little or no property.

Similar figures could be given for Germany, France, England and other capitalistic countries, to show the extraordinary persistence of the old middle class and the creation of a new middle class, unforeseen by Marx. In answer to all of this Boudin says, supporting Oppenheimer, that Marx cannot be refuted by statistics, as his method is not at all statistical. This is, in effect, a confession that the elimination of the middle class, prophesied by Marx, has not yet come about.

Boudin claims, however, that the so-called "new middle class" is not a middle class at all, because their income is derived chiefly from labor, because they do not control such property as they own, and because their thoughts and feelings about property are very different from those of the old-time proprietors. They do not love property as such, but only income, the usufruct of an undivided interest. So they have broken away from the old moorings, the old ideals are lost, and

they are drifting toward the proletariat, to whom they belong.

Thus the argument shifts from the physical to the spiritual plane, as the middle class, physically still on earth, spiritually has passed away, for it has lost its soul. Yet who can show just what the middle class has lost or the proletariat has gained?

Shrewd as this argument is, it is far from convincing, for it is merely dispute about the use of words. Also, it is a dangerous argument for socialists to use, because it proves too much. If there is no new middle class, then there is a new proletariat, a proletariat of prosperous workers, which is a contradiction in terms. Yet these nameless ones are a large and growing class who, having something to lose, are likely to prove as great an obstacle to socialism as the peasants, the small farmers, or any other members of the old middle class.

XI

THE MARXIAN THEORY OF THE CLASS STRUGGLE

The Marxian system is, at bottom, a philosophy of history, which is probably the reason why the higher critics of socialism try to distinguish between essential and non-essential doctrines. Orthodox socialists say that not a single part of the great structure can be taken away without weakening or destroying the whole, but the heretics hold that the system is strengthened by removing the temporary supports, which have served their purpose, and allowing the edifice to settle upon its main foundation.

So the revisionists give up or explain away almost all the Marxian theories, but they still believe and teach that the ruling classes have always grossly exploited the mass of people, and that those masses, after long struggle against frightful tyranny, are now approaching the day of their redemption. Whether the revisionists can throw part of the faith overboard and save the rest remains to be seen, but their candid admissions serve to narrow the field of discussion and bring

into bold relief their basic conception of human life and history.

With a magnificent gesture Marx and Engels begin the Communist Manifesto thus: "The history of all hitherto existing society is the history of class struggles. Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary re-constitution of society at large, or in the common ruin of the contending classes."[1]

Hegel and Darwin.—Although the theory of the class struggle did not originate with Marx and Engels, to them belongs the credit, such as it is, of having taken it as the master-key of human history. In this they followed Hegel, who viewed the universe as the gradual unfolding of ideas in a series of conflicts and compromises, except that, with Fechner and the other "New Hegelians," they reversed the process, placing the material universe first as determining alike the character of man and the course of history.

This was before the time of Darwin, whose "Origin of Species" appeared in 1859, since when socialists have tried to reconcile the theory of the class struggle with the Darwinian theories of the

[1] *Communist Manifesto* (Kerr, publisher), p. 12.

struggle for existence and natural selection, though without much success. Yet as late as 1888, Engels said that the theories of economic determinism and the class struggle were destined to do for history what Darwin's theory had done for biology. Giving the entire credit to Marx he said: "That proposition is . . . that the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolution in which, nowadays, a stage has been reached where the exploited and oppressed class cannot attain its emancipation without, at the same time, and once and for all, emancipating society at large from all exploitation, oppression, class distinctions and class struggles." [1]

Modern socialists, following Morgan and other speculative anthropologists, usually think of primitive society as a sort of communistic Eden, in which was little or no private property, class struggle or exploitation of any kind. This, however, like most idealizations of the past, is little more than a myth. Dr. R. H. Lowie, of the American Museum of Natural History says, in his recent book, "Primitive Society" (1920), that

[1] Engels, *Preface to the Communist Manifesto* (1888).

such an assumption is "demonstrably false," and with respect to land he goes so far as to say: "Thus the intensive study of a single, though vast area, leads to an historical reconstruction that directly contravenes the sociological dogma of a primeval communistic tenure. This condition appears not as a universal, but as a highly specialized case, as a late rather than an early development." [1]

Theory of the Origin of Classes.—As a matter of fact, the Marxian theory of the class struggle is as imaginary as the fiction of primitive communism. The story runs about as follows: Into the communistic Eden, where there is nothing worse than cannibalism and human sacrifice, comes the serpent of private property, after which there is slavery, exploitation, class struggle and measureless agony, for thousands of years, until, at the end of the Roman Empire, the antagonisms thus aroused break up the ancient tyranny, and the chaos of the Dark Ages takes its place.

Then, gradually, the Feudal System arises, at least in western Europe, and a new stratification is formed, with barons and higher clergy on top, a few burghers and free tenants in the middle, and a great mass of serfs, bound to the soil, at the bottom. The class struggle is resumed, until

[1] R. H. Lowie, *Primitive Society*, p. 233.

the power of the barons is broken, the bourgeoisie become strong, feudalism passes away, and the era of modern commercialism, capitalism, and wage slavery is ushered in.

Under capitalism the class struggle still goes on, but now the proletariat, emancipated, concentrated in large cities, increasingly numerous, miserable and class conscious, absorbs the middle class and marches upon the strongholds of capitalism. There the few remaining magnates, thinking to defend themselves with their tremendous engines of production, are really digging their own graves. Sooner or later the rising proletariat will sweep them all away, and, after a time of transition and reconstruction, will set up the collective commonwealth, the second Eden.

Contradictory Historical Data.—This is far too simple for the complexity of social variation. Even H. M. Hyndman, the Nestor of British Socialism, in "The Evolution of Revolution" (1921), does not follow the strict Marxian interpretation. While claiming that class struggles have been continuous in the evolution of western society, he is unable to show that they brought about the transition from slavery to feudalism, or from feudalism to capitalism.

Hyndman admits that forcible expression of the class struggle, such as the rebellion of Roman slaves and gladiators, never accomplished any-

thing, and that, if they had succeeded, slavery and circuses would have gone on as before. Roman slavery passed away, he says, because of the scarcity of slaves, the lack of money with which to buy them, the increasing cost of their keep, the increasing number of free farmers, coloni and laborers, the cost of transportation, and other circumstances which made slavery unprofitable or impossible.

Similarly, the rebellion of serfs under feudalism—the Jacquerie of 1358 in France, Wat Tyler's rebellion of 1381 in England, and the German peasants' war of 1524-1525—had little to do with the decay of serfdom. In fact, serfdom passed over into free tenancy largely through the desire of the landlords for money rents in place of surly service, royal taxation for foreign wars, and other causes unrelated to class struggle, although in many cases the desire of the serf for the freehold had its influence.

Stratification in All Society.—History records numberless and fearful conflicts, but sectional rather than class struggles fill its pages. For the most part it is clan again clan, city against city, nation against nation. True, there has been stratification in every society, with frequent conflict of interests, but internal troubles have been kept down by the dire necessity of presenting a united front against the external enemy. "High-

lander shoulder to shoulder" was not a slogan, merely, but the first condition of survival among the warring Scottish clans. Perhaps the class struggle of the present day is a phase of pacifism, in which modern nations indulge because they fear no external enemy.

Class struggles have often played a part in history, especially in recent times, although it is easy to exaggerate their importance and not always easy to distinguish them from sectional quarrels. In England, for example, the guildsmen of London, York, Bristol, and other towns, frequently quarreled with the barons about charters, taxes, and other matters, but it is not clear whether such disputes are to be regarded as true class struggles or as conflicts arising from local interests and the antagonism of town and country.

Gradually, the towns grew in size, wealth and power, especially in the north of England, where the Industrial Revolution began, until the mercantile and manufacturing interests overshadowed the agricultural, the landowners lost control, and the commons became supreme. Thus was accomplished by peaceful means what it took a bloody revolution to bring about in France. Throughout western Europe the same or similar shifting of power took place, though whether it should be interpreted as a class struggle, a sec-

tional struggle, or a combination of both, it is hard to say. At any rate, there was no overturning of property rights, but rather a shifting of power from one group of owners to another, and the opening of the door by which new men entered the previously exclusive upper class.

Modern Conditions.—So it is hard to find a clear-cut class struggle until the rise of the modern working class after the Industrial Revolution, which began in England and soon spread to other countries. It was in England, naturally, that the first great labor agitation began—the Chartist movement of the 'thirties and 'forties—which Marx and Engels thought would soon lead to a social revolution. The Chartists proposed, however, only political reforms, the celebrated "Six Points," which they failed to obtain, although all but one have since been granted.

Since that time, in every capitalistic country, the working class has grown in numbers and power, as can easily be seen in the great labor union movement, the growth of socialist parties, the passage of many kinds of labor legislation, and the growing disposition of employers to treat their employees with consideration and respect.

Marx's Prophecy Unfulfilled.—For all that, the modern labor movement does not seem to be developing along the lines laid down by Marx. In the first place, the middle class is not disap-

pearing, but is relatively increasing, and capitalism, by the infusion of new blood from this source and from the working class, is being strengthened, even as the land-owners were reinforced by the bourgeoisie during the Industrial Revolution.

This process correspondingly reduces the fighting power of the working class, for its natural leaders are being constantly taken over by the employers as foremen, managers and owners. Besides, many young and ambitious workers, not yet promoted, are not class-conscious proletarians by any means, but rather attachés of the capitalist class, into which they hope to be admitted, sooner or later.

Secondly, the wage-earners are not fully organized in any country, and many, if not most of those who are, belong to the aristocracy of labor and have no revolutionary ends in view. At the present time there are, roughly, 6,000,000 organized and 20,000,000 unorganized wage-earners in the United States. The American Federation of Labor, with 4,509,213 members in the year 1920, is organized, not for revolution, but for collective bargaining, which logically involves loyal co-operation with the employers and due regard for the interests of private property.

True, radical leaders like William Z. Foster, wish to convert the A. F. of L. to socialism, but there is no immediate prospect of the success of

their endeavors. The labor unions of Europe are far more socialistic than those of the United States, as might be expected in view of the relative over-population of those countries and the lack of opportunity for the common man.

Third, there is among organized laborers a notable lack of unity or solidarity, and much conflict of interests between occupational groups. The interests of coal miners, railwaymen and steel workers, for example, are by no means in complete harmony, and there are vexed questions at issue between bricklayers, carpenters, plumbers, and other members of the building trades.

Indeed, it often looks as though the wage-earners of particular industries, such as the railways, had more in common with the employers than with wage-earners of other groups. Also, there are serious conflicts of interest between the skilled and unskilled workers in every trade, as is clearly seen in the disputes between the railway sectionmen and the aristocratic engineers and conductors.

The Triple Alliance in England.—The group conflicts of the working class are well illustrated in Great Britain by the notorious Triple Alliance of coal miners, railwaymen and transport workers, which, at one time recently, seemed to have the country by the throat, and to be holding up, not the employers only, but their fellow-workers

of all other trades. Moreover, the interests of the several members of the Triple Alliance are by no means identical, as high prices of coal are bad for both railwaymen and transport workers, as well as for factory operatives and all the rest of the British workmen.

Instead of proving the solidarity of British labor, the activities of this semi-revolutionary organization point in the opposite direction and give rise to serious misgivings as to what might happen after the social revolution, when the plans of syndicalists and guild socialists had been put into effect.

Future of the Class Struggle.—Karl Marx looked forward to an era of perfect peace, a millennium in which there would be no classes and therefore no class struggle, but in this he contradicted himself and nullified his own theory. Evidently the theory of the class struggle proves too much, for, if struggle be the first condition of progress, it must go on after the social revolution, in which case the social democracy will be in danger of disruption. But if, as Marx believed, there is to be neither class nor group struggle in the new social order, progress will cease in the universal stagnation of an unvarying, crystallized and stereotyped society.

The whole Marxian system, so consistent with itself and so inconsistent with the facts of history,

is an attempt to find a rational basis for the class struggle and the social revolution. That basis is the closely-knit series of propositions — the theories of value, surplus value, increasing misery and the rest—which have so often been weighed in the balance and found wanting. As none of these are theoretically sound, the so-called rational basis is a myth, an illusion, and if the class struggle goes on to the bitter end, as it may, with the Marxian conditions unfulfilled, it must be because man is not primarily a rational animal.

XII

THE SOCIAL REVOLUTION

Now comes the final act in the drama of economic determinism, when the last of the antagonisms that have convulsed the world since the time of primitive communism is about to cause the collapse of capitalism and to clear the way for the communism that is to be. To this all the theories of Marx lead, step by step; here all the lines of argument converge. This is the day of wrath, when judgment shall be pronounced and executed upon capitalism and all its works. This is the day of emancipation that is to usher in the millennium of the proletariat.

Karl Marx, like John the Baptist, was a voice crying in the wilderness, denouncing the wickedness of his day, preaching repentance and prophesying deliverance. Doubtless he was a revolutionist by temperament before he was either jurist, historian or economist, and he used the results of all his studies to illustrate and reinforce his faith.

Like many of his contemporaries, Marx was very conscious of the recent "bourgeois" revolu-

tion, and felt that a revolution of the working class might not be far away. The Communist Manifesto (1848) was a call to arms, and it is clear that the writers expected the social revolution to come very soon. Later in life they saw their mistake. In 1895 Engels wrote: "History proved that we were wrong—we and those who like us, in 1848, awaited the speedy success of the proletariat. It became perfectly clear that economic conditions all over the Continent were by no means as yet sufficiently matured for superseding the capitalist organization of production."[1]

Method of the Revolution.—However, one must not lay too much stress on all the mistakes of Marx. As Boudin says, time has little to do with the validity of his argument. Socialists are eager souls, hoping to see the revolution with their own eyes, and reluctantly admitting that, in the long process of evolution, a thousand years are as one day.

But what of the method of revolution and how is the collapse of capitalism to come about? Will there be a great industrial crisis, national or international? Marx and Engels thought so, but the higher critics now admit that this theory was unsound, and that the breakdown of capitalism

[1] Engels, *Einleitung zu Karl Marx's Die Klassenkämpfe in Frankreich*, 1848-1850. Cf. Simkhovitch, *Marxism versus Socialism*, pp. 28, 253.

must come by the way of concentration of capital and the revolt of the working class.

Will the revolt of the working class be sudden and violent, or gradual and peaceful in its operation? Marx and Engels in their youthful ardor favored revolution by conspiracy, after the style of Babeuf and Blanqui, although it was flat contradiction of economic interpretation. The Communist Manifesto closes with these fiery words: "The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries unite!"[1]

Marx's Contradictions.—In the Neue Rheinische Zeitung (1849) Marx wrote wild words about "revolutionary terrorism," and in the following year he wrote: "Far from stopping so-called excesses, examples of popular vengeance upon hated individuals and public buildings, with which bitter memories are associated, one must not only tolerate these examples but lead and conduct them."[2]

But in the preface to the "Critique of Political

[1] *Communist Manifesto*, p. 58.
[2] Cf. Simkhovitch, *op. cit.*, p. 196.

Economy" (1859) Marx reverts to the logical position of economic determinism in the oft-quoted sentence: "No social order ever disappears before all the productive forces, for which there is room in it, have developed; and new and higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society." [1]

Darwinism and Marx.—Obviously, there is a contradiction between the views of the earlier and the later Marx, or rather, between the two sides of his dual personality. This became more glaring after the appearance, in 1859, of Darwin's epoch-making book, "The Origin of Species," which clearly taught that, in biological evolution, at least, new forms developed by slow, continuous change along diverging lines, without leaping forward, backward or sideways, and without any episode in their evolution that could be called a revolution.

Yet Marx and most of his followers, in the unscientific spirit of the Hegelian logic, find an apparent reconciliation of the contradiction in the life-history of plants and animals. Gradual development goes on for a while, and then, by a sudden catastrophe or revolution, the seed becomes a seedling, the chrysalis a butterfly, the

[1] Marx, *A Contribution to the Critique of Political Economy*, p. 12. Translated by N. I. Stone.

egg breaks and a chick appears, the embryo matures and a child is born.

It should not be necessary to say that analogies such as these prove nothing with regard to the possibility of revolution in biological or social evolution. The life history of an individual repeats the history of every other individual of the same species. Metamorphosis and birth are not biological revolutions, but, as Engels puts it, are examples of nature moving "in the eternal oneness of a perpetually recurring circle."

This is but a single illustration of the fact that "scientific" socialism gains no support by appealing to modern science in general and biology in particular, as the method and aims of socialism and science are wide apart. Veblen, himself a kind of super-Marxist, rightly says: "The fact that the theoretical structures of Marx collapse when their elements are converted into the terms of modern science should of itself be sufficient proof that those structures were not built by their maker out of such elements as modern science habitually makes use of."[1]

Biological and Social Evolution.—Biology, therefore, gives no support to Marxism, but possibly history and sociology may have something better to offer. Certainly, social evolution is

[1] Thorstein Veblen, *The Place of Science in Modern Civilization*, p. 437.

more rapid than biological evolution. The human body has scarcely changed since the time of primitive man, but economic, political, religious, and other social customs and institutions have changed very much. Also, social movement may be accelerated, as in the nineteenth century, when western Europe made greater progress in material civilization than during the preceding fifteen centuries.

Again, a transformation may be so complete as to amount to revolution. The Protestant Reformation was a religious revolution. The great inventions of the eighteenth and nineteenth centuries brought about an industrial revolution. The social and political power of the landed aristocracy of Europe has been supplanted, to a greater or less extent, by the power of manufacturers and merchants—in France by a sudden and violent upheaval, in England by the slow and peaceful methods of constitutional government. The American Revolution, on the other hand, was no revolution at all, but a political secession.

How Revolutions Have Occurred.—The Marxian conception of revolution is intimately connected with the doctrine of economic determinism and the class struggle. The social revolution, according to Marx, is the class struggle raised to the highest power. It is "a more or less

rapid transformation of the juridical and political superstructure of society arising from a change in its economic foundations."

H. M. Hyndman, in "The Evolution of Revolution" (1921) gives a similar definition: "Revolution, in its complete sense, means a thorough economic, social and political change in any great human community. There can be no revolution, in this sense, until the economic and social conditions are ripe for such a change."[1]

Reading history with this conception in mind, one finds few, if any, good examples of social revolution. As Kautsky says, the disappearance of slavery in Europe came about so imperceptibly that the contemporaries of the movement took no notice of it. The passing of serfdom in western Europe was equally gradual. In neither case did the subordinate classes overthrow the power of their masters, nor was there a complete transformation of the social superstructure. Slaves and serfs were liberated and absorbed by the other classes, and the respective countries continued to be governed by the land-owning aristocracy.

Even the "bourgeois" revolution of the eighteenth and nineteenth centuries, except in France, was not so much an overthrow of the land-own-

[1] H. M. Hyndman, *The Evolution of Revolution*, p. 12.

ers by the bourgeoisie as a fusion of the two into a larger and more powerful capitalist class.

Marx's Prophecies Not Fulfilled.—Up to the present time society has obstinately refused to divide itself into two great hostile camps as required by the theory of the class struggle. One may think of people as divided into the "haves" and the "have-nots," but that is not to say that all the "haves" are supporters of capitalism or that all the "have-nots" would like to see it destroyed. The line-up of interests and opinions in the intricate network of industrial relations is by no means so simple.

In other respects, too, the conditions laid down by Marx as preliminary to the final revolution have not been fulfilled. In no capitalistic country before the war was the misery of the working class increasing, either absolutely or relatively. The middle class was not being eliminated, but increasing in numbers, wealth and influence. Concentration of capital had not proceeded according to the Marxian program, and diffusion of ownership seemed likely to counteract the concentration of wealth. In brief, the evolution of capitalism was not going as Marx wished and expected, when he wrote, in the first volume of "Capital" (1867): "Centralization of the means of production and socialization of labor at last reach a point where they become incompatible

with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."[1]

Capitalism Evolutionary.—Here is another misleading biological analogy, involving a curious misconception of the nature and functions of capitalism, based, as it is, on the institution of private property. Capitalism is no mere shell or integument, within which certain evolutionary changes go on until they are "ripe" for revolution. It is the industrial organization itself, the vast mechanism of production, which creates all goods and services, and daily feeds, clothes and shelters hundreds of millions of people, with a degree of comfort unknown to the working class of any previous time, or, indeed, to most of the aristocrats.

Structural changes take place within this organization, of course, because it is living, growing and adapting itself to the changing conditions. Indeed, it is far more elastic and adaptable than any living organism, as may be seen by considering the evolution of capitalism in Europe, America and elsewhere during the past hundred years.

In that time the population of all capitalistic countries has enormously increased; standards

[1] *Capital*, p. 789.

of living have risen; the wage-earners have become educated, ambitious and discontented; new lands have been opened up; great industries and works of engineering have been created; governments have become more democratic; laws and customs have changed; business organization has reached a high degree of perfection; and, finally, business men themselves have become more competent, more considerate of their employees, more respectful to the public, and, in general, more ready to accommodate themselves to the changing environment. How, then, can capitalism be thought of as a rigid form, or fetter, or shell, or integument that must be broken before any new and better social order can take its place?

Prophecy of Final Overthrow.—In view of the fact that the evolution of capitalism has not proceeded along Marxian lines, inasmuch as the conditions preliminary to revolution have not been fulfilled, the prophecy that the working class will take over all the means of production is nothing but a shrewd guess posing as a scientific demonstration. With far greater probability one might hazard another guess, to the effect that the magnates of capitalism, reinforced by the middle class and a large section of the wage-earners, will be able to maintain the present industrial order, in all its essential features, for a long time to come.

A guess like this is strongly sustained by the analogy of organic evolution, which proceeds along a given line without any considerable break in continuity and is physically unable to retrace its steps or to leap across to a different path of progress. A given organism, of course, may ultimately come to a bad end, but any attempt at radical alteration would result in death.

If "scientific" socialism has no real proof to give, if it cannot be shown theoretically, or by appeal to fact, that social revolution is predetermined by "the immanent laws of capitalist production itself," then all that socialism has to offer is a utopian ideal and many promises, which the working class may be unwilling to receive at their face value. Possibly, before going on a wild-goose chase, they may call to mind the ancient proverb:

"A bird in the hand is worth two in the bush."

Strength of Capitalism.—Over against the denunciations, ideals and promises of socialism, with all their power for good or ill, capitalism has the tremendous advantage of possessing the field as a going concern which, with all its faults, has done great things in the past and may do still more in time to come. Moreover, it can easily be shown, contrary to the views of extreme socialists, like the I. W. W., that the working class and the

employing class have something in common. This is a basic principle upon which, enlarged and strengthened, may be built the temple of co-operative capitalism

If one may judge by what has happened in many so-called revolutions, economic, political and religious, the capitalist class, repenting of their sins, will set their house in order and will make friends of many of their former opponents. They will be able to prove to the more competent, at least, of the wage-earners that they have much to lose and nothing to gain by a social revolution. In other words, they will set in motion a counter-revolution, which will postpone the threatened revolution of the proletariat, or make it forever impossible.

Reason or Passion?—An alternative prophecy like this assumes, of course, with Marx and most of the revisionists, that man is a rational animal, that truth is teachable, and that people, individually and collectively, may be wisely led. These are large assumptions, which history does not altogether justify. It may be that men are governed chiefly by emotion and passion, that envy and jealousy blind the eyes of reason, that in their ever-expanding desires they cannot bear to be thwarted, and that, in fanatical frenzy or childish petulance, they may destroy what they can never recreate.

All this is more or less plausible, but it is not according to the later and saner Marx. The great anarchist Bakunin might have sanctioned it, or the syndicalist Sorel, or the I. W. W. leader, Bill Haywood, or the philosopher Bergson, or the psychologist Freud, or the sociologist Veblen, or the revolutionists Lenin and Trotsky. It agrees with revolutionary terrorism, and sabotage, and the general strike, and a strike in coal mining, transportation and other basic industries, and with Bolshevism and the earlier Marx, but it is out of harmony with economic determinism, the evolution of revolution, and all the characteristic doctrines of "scientific" socialism.

"Scientific" socialism must be judged by its own standards, as a rational system consisting of a logical series of propositions derived from certain premises. If the premises be disproved, the whole system falls to the ground and cannot be revived by the injection of any foreign stimulant.

For this reason the revisionists, or higher critics of socialism, having abandoned Marx, are not very sure of anything except that there is no solid ground beneath their feet. In this unstable condition they cannot well remain, so they must go forward or backward—forward toward emotional, unreasoning revolutionism, or backward toward a qualified support of capitalism, coupled

with a faint hope that society will be ripe for collectivism at some future time.

In this latter position most of the revisionists now stand, and there is little difference between them and the ordinary progressive sociologists or social reformers, who know that Rome was not built in a day, but who will do all they can to mold and renovate society after the pattern of the ideal state.

Emotionalists.—There are those, however, who, conscious that Marxism is without rational basis, continue on the road to revolution because they feel that it satisfies their emotional and idealistic nature, which, in the final test, they hold to be the only true guide. Concentrating their attention on the evils of capitalism, they are filled with rage and would destroy it with slight compunction. Fixing their eyes on the beauties of the new social order, they are lost in faith and hope, and, forgetting the difficulties and dangers of the way, they raise the banner of a holy war —a children's crusade.

It is surprising how many revolutionary leaders are of this emotional, imaginative, idealistic, impulsive type, and what a strong appeal they make to the popular mind, already prepared for their suggestions by poverty, sympathy, disappointment, envy, ambition, and all the instability of temperament that leads men to embrace a new

religion as though it were a great adventure. Throwing aside prudence, reason and all misgivings, they are ready to take the fateful plunge, the mortal leap, though what the outcome will be for them or for the world, no man knows.

XIII

BOLSHEVISM OR THE DICTATORSHIP OF THE COMMUNIST PARTY

The striking phrase "dictatorship of the proletariat" was coined by Karl Marx himself in the year 1875, when in a now famous letter he wrote: "Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. This requires a political transition stage, which can be nothing less than the revolutionary dictatorship of the proletariat." [1]

In the Communist Manifesto the same idea was expressed in other words thus: "The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the state, i.e., of the proletariat organized as the ruling class." [2]

The Communist Manifesto gives also a forecast of the measures which the proletariat of the

[1] Letter of Marx to Bracke, May 15, 1875. Cited by Lenin, *The State and Revolution*, p. 88. Cf. Spargo, *The Greatest Failure in All History*, p. 355.

[2] *Communist Manifesto* (Kerr, publisher), p. 40.

most advanced countries will take, including abolition of property in land, abolition of the right of inheritance, confiscation of the property of emigrants and rebels, centralization of credit and transportation in the hands of the state, extension of state ownership of factories, equal liability of all to labor, the establishment of industrial armies, and free education of all children in public schools.

The program itself is very simple and direct, and there is little dispute about it in Marxian circles, but as to when and how the dictatorship shall be set up, and when and how it shall be displaced by communism pure and simple, there is much difference of opinion, degenerating at times into vehement debate and bitter persecution.

The "Yellows" and the "Reds."—Socialists of the chair, the pulpit and the parlor, wishing to make the thought of revolution palatable to the bourgeoisie, usually follow the later evolutionary Marx in teaching that the social revolution cannot come until all things are ready; and that, if brought on too soon, it must perish as an untimely birth. And when, in the fulness of time, the revolution gently arrives, the "immense majority" of the proletariat, will set up a dictatorship that will not be a dictatorship, as it will be democratic in all its ways.

But the evolutionists, the parliamentarians, the

coöperators, the Fabians, the guildsmen, and the rest of the "good" or "yellow" socialists, have by no means accepted the whole of the Marxian gospel, and the revolutionary, violent faith of the "reds," which they have rejected, now holds chief place in the creed of the Communist Party.

Nor is it strange that the more ardent souls embrace a more militant creed, for socialism, with its fierce denunciation of the present world and its glowing picture of the world to come, makes so strong an appeal to the primitive instincts of man that the wonder is how any of its votaries can await patiently the long-expected day, or keep themselves, in thought and action, within the bounds of reason.

The contradictions in the opinions and actions of Marx himself are so glaring that it is impossible to draw a clear line of demarcation, placing all the evolutionary, parliamentary Marxists on the one side, and all the revolutionary direct actionists on the other. Certainly, the syndicalists do not wish to be excommunicated for distrusting parliamentary action and favoring the general strike, nor do the Bolshevists think that they deny Marx when they call themselves communists, set themselves at the head of the proletariat, and propose to march direct from Egypt to the Promised Land without going through the wilderness of capitalism. However, they admit that

the proletariat must pass through a lesser wilderness or purgatory, the transitional dictatorship, before they can fully enjoy the blessings of communism.

Marx the Prophet of All Sects.—Of course, the syndicalists, the I. W. W., the Bolshevists, the Spartacans and all the other impatient, violent sects, are tainted with anarchism, even as the revisionists and reformists are tinged with reaction, and there are few faithful Marxists of the original type left. But, with all their heresies and wilful ways, Karl Marx is the prophet and leader of them all, his writings are their sacred books, and his system is their standard authority, which the various sects interpret according to their light.

Some Russian socialists have inclined toward violent and sudden revolution, perhaps because of the retarded development of their country, the repressive policy of the government and their own unworldly, inexperienced idealism. Russia is still mainly an agricultural country, with a population of about 170,000,000 in the former Empire, 85 per cent of whom were commonly classed as peasants, most of whom were quite illiterate and carried on agriculture in a very primitive way.

The industrial proletariat, composed of factory and mine workers and some others, did not

exceed 5 per cent of the population, leaving an upper and middle class of about 10 per cent, including the land-owning aristocracy, the officials, the professional people, and a considerable number of manufacturers and merchants.

Capitalism had begun in Russia, but it had not gone far; and it is no wonder that socialists became discouraged or impatient, as they looked forward to long years of industrial evolution before the middle class should rise, fulfill its historic mission, and pass away; before the peasants should be expropriated; and the proletariat, at last comprising the "immense majority" of the people, should be ready for revolution. Indeed, the outlook was hopeless from their point of view, for, as Bernard Shaw recently said: "If socialism is to wait until farmers become class-conscious Marxists, it will wait for ever."[1]

But many of the Russian socialists did not want to wait, and easily persuaded themselves that the revolution might be brought about by the industrial workers fighting as the vanguard of socialism, a sort of Gideon's Band, who would be followed, as liberators, by the poorer peasants, then by the middle peasants, after which there would be no class able to withstand the united army of the proletariat.

[1] Bernard Shaw, *The Old Revolutionist and the New Revolution.* "The Nation" (London), March 12, 1921, p. 704.

Writing shortly after the abortive revolution of 1905, and looking forward to the next revolution, Leon Trotzky (Bronstein), then an international Menshevist, said:

"Once the proletariat becomes master of the situation conditions will impel the peasants to uphold the policies of a labor democracy."[1]

Trotzky then freely admitted that the industrial proletariat, however great their faith and courage, could not stand alone, but must receive speedy aid from the Russian peasants and from a proletarian revolution in other countries, else it would soon collapse.[2]

Two Revolutions Expected.—Russian socialists have always had two revolutions in mind: a bourgeois or middle-class revolution which should overthrow the power of the Czar, the aristocracy and the bureaucracy, and a proletarian revolution following sooner or later after that. Naturally, they would help the middle class in the first revolution, though fully intending to turn against them in the second.

It was a question, however, whether the socialists should try for a proletarian revolution soon after the bourgeois revolution, or wait until Russia, which was backward industrially, had become a fully developed capitalistic country. This was

[1] Leon Trotsky, *Our Revolution* (collected, translated and edited by Moissaye J. Olgin), p. 100.
[2] *Ibid.*, p. 144.

probably back of the fateful disruption of 1903 in the Social Democratic Party, when the Bolshevists, under the leadership of Lenin (Ulianov), stood for methods of conspiracy in revolutionary tactics, and a party organization closed to all but professional revolutionists; while the Menshevists, including most of the "intelligentsia," favored more open political tactics and a party organization admitting all sympathizers with the Socialist cause. In other words, the Bolshevists were the "close communionists" of the social revolution.

Both Lenin and Trotzky took part in the revolution of 1905, following the disastrous war with Japan, and in the general strike of October, which compelled the Czar to promise a constitution and to convene the first Duma. During the general strike the first Council of Workmen's Deputies was formed in St. Petersburg, to act as the center of the revolution and to be the nucleus of a revolutionary labor government. Similar councils sprung up in many other industrial centers, but all were dispersed as soon as the government began to get the upper hand.

Forecasting the course of the next revolution, Trotzky said, in 1908: "The first new wave of the revolution will lead to the creation of soviets all over the country. An All-Russian Soviet, organized by an All-Russian Labor Congress,

will assume leadership of the local elective organizations of the proletariat." [1]

The revolution of 1905 was largely a failure, although the Duma was convened from time to time and Russia maintained the semblance of a constitutional government. Reaction followed, with the usual measures of suppression, which succeeded for a time, but after a few years a new revolutionary movement began, which gradually gained the support of all the progressive forces of the country, though led, as in 1905, by the St. Petersburg proletariat. In July, 1914, no less than 400,000 workers of St. Petersburg went on a political strike, and barricades were erected in the streets. Then the great war broke out and internal troubles were forgotten, for a time.

The Revolution of 1917.—As the war went on, the inefficiency, corruption and treason of the autocracy brought disaster after disaster, until at the end of 1916 the Russian armies were retreating, vast areas of Russian territory were occupied by the enemy, the economic system was breaking down, and the government seemed to be on the point of making peace with the Central Powers. The country again reached the boiling point of revolution, with public demonstrations, until, on March 11, 1917, the crisis came, the soldiers joined the revolutionists, and the power of the

[1] Trotsky, *op. cit.*, p. 160.

autocracy was gone. On March 15 the Czar abdicated.

As Trotzky had predicted, informal committees or councils or soviets were immediately organized, first among the workmen of Petrograd, then among the soldiers and sailors, and presently among workmen and peasants everywhere. The Petrograd Council of Workers' Deputies took the lead, with Tchcheidze, a Social Democrat, as President, and Kerensky, then a member of the Labor Party, as Vice-President. The Duma, failing to preserve the monarchy, organized a provisional government under Prince Lvov, and began to arrange for the election of a Constituent Assembly.

After that the country drifted, with a dual government, and no strong personality to take the lead. The weakness of the middle class was reflected in the vacillation of the Duma, and the intoxication of the masses in the disorderly behavior of the soviets.

A National Congress of Workers' and Soldiers' Deputies was called on April 16; an All-Russian Congress of Peasants met in Petrograd on May 17; and another All-Russian Congress opened on June 22, resulting in the election of the All-Russian Council of Workers', Soldiers' and Peasants' Deputies, with an Executive Com-

mittee more powerful than the Provisional Government itself.

With all this there was much disorder, with infinite variety of opinion and incessant debate, while military discipline was relaxed, soldiers and sailors deserted, workers took control of factories, and peasants seized and divided many of the great estates.

Bolshevists Secure Control.—Meanwhile, the more radical elements gained control in the Duma and in the soviets. The middle-class cabinet of Prince Lvov and Professor Miliukov was replaced by that of Kerensky, whose dramatic career lasted until the November revolution. The soviets passed from the control of the Social Revolutionists and the Menshevists into the hands of the Bolshevists, who had a more definite program in mind.

Hearing that revolution was impending, the exiles gathered from Siberia and from foreign lands. With the connivance of Germany, wishing to foment more trouble, Lenin and about one hundred revolutionists of various factions came from Switzerland in a special train. Trotzky sailed from New York, was detained for a time in Halifax, but, released at the request of Professor Miliukov, he made his way to Petrograd to play his part in the proletarian revolution.

The war went on more disastrously than ever,

until the Germans were at Riga, almost within striking distance of Petrograd. The Kerensky government could not handle the situation, and there was fear of reaction, especially after the futile revolt of General Kornilov, on September 9. The Preliminary Parliament, which met on October 8, passed a vote of confidence in the Kerensky ministry, though by a small majority. Before that the Bolshevist members, numbering 53 out of 555 delegates, had left the Parliament, protesting that it favored the bourgeoisie.

Then the Bolshevists, through the Petrograd Soviet, seeing their opportunity, determined to make a great stroke, by seizing the political power in the name of the Russian proletariat. On November 4 they organized a great demonstration in the streets of Petrograd, when the people clamored for peace, for bread, for the downfall of Kerensky and for "all power to the soviets."

The Coup d'état.—Then came the "coup d'état" of November 7 (October 25, old style), when the Bolshevists, with the help of detachments of soldiers and sailors, surrounded the Winter Palace, arrested the provisional government, and declared Kerensky, who had escaped, an offender against the state. In a similar manner they seized the political control, which they have held by force until the present time. Thus

was accomplished by a few determined men what has often been done by military leaders in ancient and modern times, and thus was set up the so-called dictatorship of the proletariat, or rather, the dictatorship of the Communist Party.

At the time of the revolution the Bolshevists were a minority of Russian socialists, and were denounced by the Menshevists, the Socialist Revolutionists of the Right and the Executive Committee of the All-Russian Council of Peasants. In the elections for the Constituent Assembly, on November 25, they obtained less than one-third of the votes cast. The Assembly was formally opened on January 18, 1918, and when it refused to obey the orders of the Bolshevists it was curtly dismissed by the guards.

The Military Revolutionary Committee was succeeded by the People's Commissars, composed almost exclusively of members of the Communist Party, with Lenin as President and Trotzky as Minister of Foreign Affairs, and this arrangement was sanctioned by the Second All-Russian Congress of Soviets, in session on the day of the revolution. On July 10, 1918, the Fifth Congress of Soviets adopted the Constitution of the Russian Socialist Federated Soviet Republic.[1]

[1] For further details see A. J. Sack, *The Birth of the Russian Democracy*, New York, 1918; John Spargo, *Bolshevism*, New York, 1919; H. W. Laidler, *Socialism in Thought and Action*, New York, 1920, pp. 308-358.

The Central Executive Committee.—According to the Constitution,[1] the All-Russian Congress of Soviets is the supreme power and is convoked by the Executive Committee at least twice a year. This congress, numbering about 1,500 members, is composed of representatives of the urban soviets (one delegate for 25,000 voters), and provincial congresses of soviets (one delegate for 125,000 voters). The city proletariat are thus given predominant power.

The executive power is in the hands of the All-Russian Central Executive Committee, of not more than 200 members, elected by the Congress, which again elects an inner circle of 17 members: the Council of People's Commissars. The whole organization is controlled by the Communist Party, an exclusive organization of some 600,000 men and women, chiefly industrial workers, with relatively few intellectuals: daring, devoted, ruthless, fanatical conspirators, the backbone of the revolution. The dictatorship, then, is in the hands of a fraction of the urban proletariat, a minority of a minority. Brailsford says: "With the soviets, the trade unions, the coöperatives and the army under its control, the Communist Party commands the whole organized life in Russia." [2]

[1] Russian documents, etc., No. 136, March, 1919. Published by the American Association for International Conciliation, New York City.

[2] H. N. Brailsford, in The New Republic, Dec. 22, 1920.

The Peasantry.—After the March revolution the peasants, who already owned over 60 per cent of the land, seized much of the remaining land and divided it among themselves. The Provisional Government was carefully preparing a comprehensive land act, but the Bolshevists cut the tangled knot by the decree of November 7, 1917, announcing the confiscation of all landed estates, yet leaving the peasants in undisturbed possession of the land they had seized. Complete socialization of land was provided in later decrees. After this, for a time, the peasants' soviets were recognized by the Communist government as the foundation of the whole system of agricultural production and as the basic units of government in the rural districts.

But soon the peasants' soviets proved far from satisfactory, at least from the national point of view, as they cared only for local interests and held their grain at exorbitant prices. The Food Commissars intervened, with the help of the poorest peasants, organized into Committees of the Poor by decree of June 11, 1918, and thus reduced the power of the soviets, especially where they were controlled by the rich or the middle peasants, who were hoarding grain.

Later, the Bolshevists tried to conciliate the middle peasants, and even promised to let the rich peasants alone, if they would refrain from

counter-revolutionary tendencies. But neither promises nor threats could make the peasants part with their produce at legal prices, except when requisitioned by the government. Also, the seizing of produce and the bad treatment of the rich and middle peasants reduced the surplus, decreased production, and caused food to rise to famine prices. In these and other ways, the peasants, as Marx had foreseen, and as Trotzky had specifically prophesied, proved the greatest stumbling-block in the way of communism.

The Russian peasants, in their newly won liberty, may have been peculiarly intractable, but certainly the Bolshevists, with their traditional dislike of all peasants, especially the more prosperous, have sadly mismanaged the whole agrarian problem. As early as July 2, 1919, an American representative reported as follows:

"The agricultural situation is desperate. All farm equipment stolen from the landlords' estates at the beginning of the revolution is now spoiled and there is no one to repair it, and it would not be of much use, anyway, as there are no seeds, and persons possessing do not intend sowing them, but try to sell them on the sly, as the Bolsheviks took the last autumn crop from the peasants at a low figure. Peasants just cultivate sufficient for their own needs and a quantity, which is allowed, is kept. Former private

estates are managed by a commission of all kinds of rabble or by a soviet steward." [1]

Writing in May, 1920, Spargo gives an equally gloomy picture of rural conditions, telling how the peasants quarreled with one another about the division of the land, how they resisted the Food Commissars requisitioning food supplies, how they hoarded grain, how production fell off, how there was a scarcity of food in rural districts as well as in the cities, and how the whole policy and behavior of the Bolshevists further brutalized the life of the peasants, deepened their old distrust of government, fostered anarchy, and restored the most primitive methods of living and working.[2]

So effective was the peasants' resistance, both active and passive, that the failure of communism in Russia has been laid at their doors. Not long ago Radek said:

"Naturally, we know quite well that we haven't communism at all in Russia now. The peasant has beaten us." [3]

The Industrial Workers.—The history of the industrial workers' soviets has been very similar. After the November revolution, the Bolshevists,

[1] *Certain Aspects of the Bolshevist Movement in Russia*, p. 35. American Association for International Conciliation, New York City, March, 1920.

[2] Spargo, *The Greatest Failure in All History*, pp. 90-140.

[3] Henry G. Alsberg, *Russia: Smoked Glass vs. Rose Tint.* "The Nation," June 15, 1921.

instead of giving all power to the soviets, as they had promised, tried to reduce their injurious activities. Lenin himself favored employment of technical experts at high salaries, and even advised the introduction of the Taylor system of efficiency engineering. And when, in March, 1919, L. B. Krasin undertook the reorganization of Russian industry, he insisted on restoring old and tried methods of factory management, narrowly limiting the powers of the workers' councils. Evidently, the soviet organization was found quite unsuited to the conduct of business, as Schäffle and other critics predicted many years ago.[1] Pasvolsky says:

"The conflict of authority, the disproportionate growth of the managing personnel and the absence of efficiency due to lack of coördination among the various parts of the system are all characteristic of the whole system in its largest ramifications. They are all, in the final analysis, attributable, of course, to the human elements in the system." [2]

The trade unions, too, soon found that they were under a system of compulsory, militarized labor, where a strike was equivalent to mutiny and treason. The ruthless punishment of the Petrograd strikers of March, 1919, and the sup-

[1] Schäffle, *The Impossibility of Social Democracy*, 1885.
[2] Leo Pasvolsky, *Economic Problems that Soviet Russia has Not Solved.* "The Annalist," March 14, 1921.

pression of many unions, clearly showed that the unions were no longer fighting organizations, but subordinate agencies of the central power. Spargo says: "The Bolsheviki had been forced to recognize the fundamental weakness of every form of syndicalism, including sovietism. They had found that the soviets were not qualified to carry on industry efficiently; that narrow group interests were permitted to dominate, instead of the larger interests of society as a whole. The same thing was true of the trade unions."[1]

However, there has recently been a reaction against centralization and military control, and the soviets and trade unions seem to be asserting themselves once more. Both the conference of trade unions in November, 1920, and the Eighth All-Russian Congress of Soviets in December, favored reducing the power of the People's Commissars and increasing that of the Central Executive Committee. These murmurings show that the Russian people are restless under the dictatorship of the Communist Party, and that there is a tendency toward decentralization, which may lead to reaction, if not to anarchy. Commenting on this situation Farbman says: "The real and fundamental cleavage is between these factions (including Lenin and Trotzky) and the Labor Opposition, which represents the non-partisans,

[1] Spargo, *The Greatest Failure in All History*, p. 256.

now the biggest party in Russia. The Communist Party remains the ruling force in the politics of Russia, but within it there is working a powerful democratic section. The ferment in the Communist Party and the awakening of the non-partisan masses undoubtedly marks a crisis in the progress of the Russian Revolution." [1]

Economic Breakdown.—As is well known, the industrial system of Russia is in a bad way. The falling off in production of most raw materials and manufactured goods has been enormous, so that the cities, lacking food and fuel, are being depopulated, and the country districts, lacking clothing, shoes, salt, petrol, farm implements and many other things, are reverting to primitive ways of living. The railways have run down, factories are short of coal and raw materials, machinery has become unusable, business men have become common laborers, many of the technical experts have disappeared, and there is a serious shortage of labor, as great numbers of the industrial workers have, regardless of severe penalties for desertion, fled to the country in search of food.

Then, too, the vast issues of paper money and the fixing of maximum prices have greatly aggravated the situation, causing prices to rise to

[1] Michael Farbman, *The Ferment in the Communist Party in Russia*, "The New Statesman," March 5, 1921.

fabulous figures, encouraging smuggling and "spekulatsia," and creating a new class of illicit dealers whose profiteering is worse than anything known before the war. In other respects, also, notably the appalling decline of the birth-rate and increase of the death-rate,[1] Russia has suffered terribly since the Bolshevist revolution, although her misfortunes are not attributable to that alone. In a recent article, Olgin says:

"The conditions are trying, indeed. There is hunger in Russia. Not hunger for bread and potatoes, perhaps, but hunger for the most ordinary necessities of life. There is no white bread in the cities of Russia and very little meat or butter or sugar or fat. Milk and eggs are being given only to children, seldom to the sick. Throughout my six months' sojourn in the Russian provinces I saw no chocolate, no oranges or lemons, no coffee, no tea, no cake. No tramways are running in the cities of Russia, no lamps are burning in the streets outside of Moscow. In the winter water pipes are bursting, canalization and sewage systems collapse, misery and hideous sufferings are inflicted on millions. There is a scarcity of medicines and soap and an abundance of disease. The peasants have enough to eat, yet

[1] In the year 1917 the Russian birth-rate was 29.5 per thousand inhabitants, while the death-rate was 21.5 per thousand; in 1919 the birth-rate was 13 and the death-rate 75. Cited from the statistics of the Commissariat of Health and Hygiene by Professor S. Zagorsky, in "Le Monde Nouveau," February, 1921.

rural Russia is clamoring for salt and kerosene and cotton fabrics and nails and flour and scythes."[1]

These and many other misfortunes are attributable in part to the disorganization caused by the Great War and the civil wars following, in part to the blockade, but chiefly to the attempt by the Bolshevists to create a new system upon the ruins of the old. In this connection, H. G. Alsberg says: "A goodly share of the misery in Russia to-day has been due to the stupid, deadening dogmatism, the corruption, the frightful bureaucracy, the tyranny, the disdain, the contempt for what we western 'bourgeois' would call personality, the individual, which have been characteristic of Russian Marxism as distinguished from Russian human nature. Lenin again and again has pointed out that the communist régime has been not only stupid but almost insanely doctrinaire."[2]

Individual Liberty Suppressed.—Much more could be said concerning the failure of communism in Russia, which has been recognized by most of the foreign observers, notably those of socialist faith or leanings. M. J. Olgin says that there is no personal liberty in Russia, no political free-

[1] Moissaye J. Olgin, *Mechanics of Power in Russia*, "The New Republic," June 15, 1921.

[2] Henry G. Alsberg, "*Russia: Smoked Glass vs. Rose Tint*, "The Nation," June 15, 1921.

dom and no equality. The peasants are deprived of their crops without receiving the equivalent in manufactured goods; the workingman is bound to his factory or mine and cannot move without a permit from the labor organization, which is controlled by the state; he cannot go on strike, and is compelled to participate in the activities of the union. The bourgeois parties, of course, are under the ban, but the Menshevists and the Socialist Revolutionists, even those of the Left Wing, are prevented from issuing newspapers and magazines or pamphlets and are forbidden to call open meetings of their own. Moreover, there is not even liberty of speech, as the people are in fear of the Extraordinary Commission for Combating Counter-revolution, which has practised all the methods of the Vehm Gericht and the Spanish Inquisition.[1]

Civilization in Peril.—Writing from a more theoretical point of view the well-known English mathematician, theoretical anarchist and professed guild socialist, Bertrand Russell, said, after visiting Russia in May and June, 1920:

"For my part, after weighing this theory (revolutionary communism) carefully and after admitting the whole of its indictment of bourgeois capitalism, I find myself definitely and strongly opposed to it. . . . I cannot sup-

[1] Olgin, in "The New Republic," June 15, 1921.

port any movement which aims at world revolution. The injury to civilization done by revolution in one country may be repaired by the influence of another, in which there has been no revolution; but in a universal cataclysm civilization might go under for a thousand years." [1]

Besides all this, many observers have noted the cultural and moral decadence that has accompanied the decline of material civilization. Apart from the damage that has been done to the Church, to religious life and moral standards, science and art have suffered grievously, through the death, impoverishment and exile of many of Russia's most distinguished men. The case of the Russian scholars alone is sufficient illustration of what has happened in other cultured circles. Professor Rostovtsef, formerly of the University of Petrograd, now of the University of Wisconsin, writes:

"In painting the dark picture of Russia in agony, emphasis is usually laid upon the physical and material side of the ruin wrought by the Bolsheviki. This is fearful enough in all conscience, millions of hapless victims paying the price through executions, starvation, and epidemic diseases. But more terrible and irreparable is the destruction of the cultural and moral values.

[1] Bertrand Russell, *Soviet Russia*—1920, "The Nation," July 31, 1920.

There are still millions of workers and peasants to build up again the material prosperity of Russia out of her abundant natural resources, once the dead hand of Bolshevism has been removed, but the intellectual and moral field must lie fallow for many years."[1]

Industrial Reconstruction.—Notwithstanding all the ruin that has been wrought, the old industrial system has not been entirely destroyed, and it seems to be repairing and reconstructing itself, much as a colony of ants or bees repair a damaged hill or hive. The peasants have the land, and nationalization exists only in name. Many manufacturing industries are still nationalized, but they are conducted largely by highly paid experts, under the old system of factory management, and appear to be drifting back toward private ownership. The country districts, isolated from the cities, and reverting to mediævalism, have developed the old "kustary" or cottage industries, and local trade, and with them a new-old middle class of artisans.

The speculators of the towns, the numerous officials, the army officers, the technicians and foremen of factories, constitute a new middle class that may be the backbone of Russia's economic reconstruction. However, this "soviet

[1] M. I. Rostovtsef, *The Plight of the Russian Scholars*, "The Weekly Review," April 20, 1921.

bourgeoisie" is menaced by the laboring class which, as Dr. Paul Rohrbach says, "is overwhelmingly anti-Bolshevik." Only 70,000, or 11 per cent, of the 604,000 members of the Communist Party are at present employed as workmen, the rest being soldiers or officials of one kind or another. Dr. Rohrbach says:

"In Moscow there are hardly 100,000 workmen left, but there are 230,000 Soviet officials, both male and female. All attempts to eliminate inefficiency, sabotage, and corruption from this gigantic bureaucratic apparatus are doomed to failure." [1]

Thus the Bolshevists, in their fatuous determination to carry out their theories to the logical consequences, are confronted with social forces and obstacles which they can neither destroy nor control, and in conflict with which they are likely to suffer shipwreck. Professor Zagorsky sums up the situation thus:

"The Soviet authorities set as their aim the immediate realization of communism in Russia, but, by their policy, they succeeded only in creating conditions favorable to the rebirth of capitalism—primitive, brutal and ruinous. Wishing to abolish the division of society into classes, they provoked class antagonisms such as Russia had never yet seen. Trying to stifle the capitalist and

[1] Dr. Paul Rohrbach, *Germany and Eastern Europe*, "The Weekly Review," November 3, 1920.

bourgeois classes, they created a new petty bourgeoisie, equally rapacious. In endeavoring to suppress private property, they merely succeeded in developing, in all grades of society, property instincts pushed to an unheard-of degree, and, throughout the whole social economy, an unprecedented orgy of unbridled egoism." [1]

Capitalism Coming Back.—The soviet government, evidently recognizing the drift toward capitalism, and unable to handle the industrial situation, has offered concessions to foreign capitalists for periods running from 20 to 80 years, including a tentative concession to an American syndicate for the exploitation of fish, furs, coal, and petroleum in Kamchatka, a great forestry concession to an English syndicate, and another to German dye manufacturers. Also, the government has made overtures for trade with foreign countries, as in the recent Russo-British agreement, although it has little to offer in exchange but gold, as there is practically no surplus of wheat, flax, lumber, or other raw materials. And as the gold is limited in quantity there remains, as Krasin has said, "only the granting of concessions." [2]

Finally—and this is another long step back to-

[1] S. Zagorsky, *Les Aspects Sociaux de la République des Soviets*, "Le Monde Nouveau," Février, 1921.

[2] Krasin answers Wells. By Fabian Franklin, "The Weekly Review," June 18, 1921.

ward capitalism—the Tenth Congress of the Communist Party, which met at Moscow in May, 1921, adopted a radical change of policy designed to encourage the peasants and the small capitalists. The peasants are to pay taxes in kind by giving the state about one-third of the crop, the remaining two-thirds to remain at the disposal of the peasants for trading through the re-established coöperative societies. The government is to retain control of transportation and the largest industries, but small and middle-sized coöperatives and private industries are to be permitted.[1, 2]

The Third International.—Strangely inconsistent with such compromises are the twenty-one conditions of admission laid down by the Congress of the Third International held in Moscow in August, 1920, designed to separate the sheep from the goats in all socialist circles throughout the world. Socialist organizations desiring admission to the International Communist Party

[1] "The Literary Digest," June 18, 1921.

[2] This decision came too late to induce the peasants to raise larger crops, or, indeed, to save the usual amount of seed, so that the acreage planted for the crop of 1921 was less than usual and the amount of seed planted per desiatina (2.7 acres) was less than half of the usual amount. So, when the drought came in the Volga region, there were but slight reserves on which the peasants could live until another season, no adequate means of transportation of food from the Ukraine and other districts, and very little seed to plant for the harvest of 1922. The responsibility of the Soviet government for the worst results of the frightful famine of 1921 cannot be evaded. (Cf. *Why Russia Starves*, by Leo Pasvolsky, "The Weekly Review," August 6, 1921.)

must agree to have only tried communists as leaders, to purge themselves of all small-bourgeois elements, to carry on incessant propaganda among industrial workers, peasants, trade unions, coöperative societies and the like, to break with reformism, to make war against the Amsterdam International, to assist any soviet republic fighting against counter-revolution, to adopt the name "Communist Party," and to submit to the iron discipline of the Communist International. In reading such outrageous demands one cannot but think of the old proverb:

"Whom the gods would destroy they first make mad."

Naturally, these iron-clad demands have caused great searchings of heart among socialists of every country, as all true communists were called to come out from among their "yellow" associates, and to be wholly separate and sanctified to the great cause.

There has been, therefore, a split in the socialist parties of practically every country, the "red" minority usually joining the Third International, and the majority of the "yellow" variety being left to the tender mercies of the bourgeoisie. In the United States, for example, many of the intellectuals and revisionists, as Spargo, Walling, Ghent and Russell, had already left the Socialist Party during the war, but now most of the others

of that belief, including Algernon Lee, James Oneal, Meyer London, Victor Berger and Morris Hillquit, refusing to bow down to the Moscow International, are excommunicated, and only a remnant of comparatively unlearned agitators are left to bear the standard.

Bolshevism Is Revolutionary Marxism.—But intellectuals of high standing such as these, among whom are now numbered Plekhanoff and Martoff of Russia, Kautsky and Bernstein of Germany, and even Jean Longuet of France, grandson and interpreter of Karl Marx, cannot approve either the doctrines or the tactics of the Russian communists, because they do not conform to the evolutionary views of the later Marx, and do not rest on the will of the "immense majority" of the proletariat.

Doubtless the revolutionism of the Russian communists is theoretically unsound and was repudiated by Marx and Engels in their later years. And yet these communists have a right to claim both Marx and Engels as their spiritual fathers, because they follow their earlier, if not their later, teachings, and are moving in the direction indicated by them, though far too fast for their academic comrades. The case is well stated by Vexler:

"Between Babeuf's *Club of Equals* and Lenin's *Central Committee* lies a world of dif-

ference and a century of history. Yet it cannot be gainsaid that an unbroken chain of revolutionary tradition links the conspiracy of 1796 with the *coup d'état* of 1917. From Babeuf to Blanqui, from Blanqui to Marx, from the latter to Lenin, the red thread of the social revolution runs unbroken through several revolutionary organizations." [1]

Therefore the academic socialists, who for more than a century have tried to arouse the proletariat to a burning sense of their wrongs and to convince them that capitalism was doomed to destruction, have no reason to be surprised or grieved because the enraged and unleashed proletariat, seeing the quarry at their mercy, have sprung direct at its throat.

The communists will doubtless fail in their premature attack, but they have at least presented an object lesson of socialism in action that may save the world from like experiments, though at terrible cost to their own country and to themselves. And the academic socialists, whose theoretical position is no less unsound, cannot exonerate themselves by saying that they did not plan or intend the event. What are plans and specifications in time of revolution?

It might have been well for them if they had pondered the wise words of that political cynic,

[1] Feliciu Vexler, "Columbia University Quarterly," July, 1919.

Machiavelli: "Let no man who begins an innovation in a state expect that he can stop at his pleasure or regulate it according to his intention."

APPENDIX

THE NONPARTISAN LEAGUE

By way of indicating the historical significance of the Nonpartisan League, founded by A. C. Townley in February, 1915, it should be noted that it is not a proletarian outbreak such as Marxian socialists have in mind, but an expression of discontent on the part of farmers, especially those of the western or poorer districts of North Dakota. As such it is an agrarian movement related to the Populist and Free Silver agitation of the 'nineties and the Granger movement of the 'seventies.

The National Granges directed their attacks chiefly against the railroads, which they desired to regulate; the Populists and free-silver advocates favored inflation as a means of maintaining prices and paying debts; and in this new agrarian movement the farmers, believing themselves cheated by commission merchants, millers, bankers and other middlemen, wish to do their own marketing by coöperative effort, or, failing that, by means of elevators, mills, banks and other agencies owned and operated by the state.

Economic conditions do not account for everything, yet they may partially explain why the Nonpartisan League should have originated in North Dakota rather than in one of the other western states. According to the latest census (1920) North Dakota has a population of 646,872, of whom 67 per cent live on the farm, 19 per cent in villages and small towns, and the rest in towns of 2,500 inhabitants or over. The commercial and industrial capital of the state, therefore, is not Fargo with its 22,000 inhabitants, nor Grand Forks with about 14,000, nor Bismarck, the seat of government, with barely 7,000, but rather the twin cities, Minneapolis and St. Paul, the only

great urban center between the Great Lakes and the Pacific coast.

Then, too, North Dakota is still largely a one-crop state, producing chiefly small grains, of which spring wheat is by far the most important. This great crop is mostly financed, marketed and milled in Minneapolis, St. Paul, Duluth, Milwaukee and Chicago, and it is not strange that the farmers of North Dakota should regard the merchants, manufacturers and bankers of these cities as non-resident aliens.

The case against the financial interests of the great cities, including New York, the mother of them all, makes mention of speculation in land, discrimination in railway rates, increase in mortgages, high rates of interest, growth of tenancy, and other forms of real or fancied exploitation, but the chief count in the indictment asserts that the farmers do not receive a square deal in the marketing of farm products.

As to the marketing of spring wheat, relatively little is said about the automatic adjustment of prices on the Chicago board of trade and similar organisations, although their operations are a mystery to outsiders, who for that reason suspect the insiders of manipulation, gambling and other questionable practices. But it is well known, though not generally admitted, that the prices paid to the farmers fluctuate with those of the central markets, and that the grain dealers, allowing for freight charges and all other expenses, are doing business on a narrow margin. The chief complaint, therefore, is that the grading done at the private elevators is unfair and that competition has been largely eliminated in the buying of grain by the conspiracy of the dealers under the leadership of various business men's associations, especially the Minneapolis Chamber of Commerce.

In a recent speech, Senator E. F. Ladd, formerly president of the North Dakota Agricultural College, said:

"The flagrant injustice of allowing the grades of grain to be arbitrarily fixed by the buyer is best evidenced by the fact that the great terminal elevators at Minneapolis and Duluth habitually sold more bushels of high grade grain than their records show that they had purchased from the farmers. Evidently by some mysterious hocus pocus grain became enhanced in value after it had left the farm and gone into the hands of the grain buyers, and, of course, this manipulation in grades cost the farmers of North Dakota in the aggregate many millions of dollars every year."

In reply to this and similar statements the monthly letter of the National City Bank of New York for April, 1921, says:

"In our opinion it is incredible that the Minneapolis Chamber of Commerce has countenanced unfair and irregular methods. It is quite possible that there may have been individual members of the grain exchange who would not be above sharp practice, but that the exchange as a body would adopt rules of practice of that kind is unbelievable."

The charge is based upon the practice of mixing, by which a certain amount of grain of inferior grade may be mixed with that of better quality, without lowering the grade or injuring the milling value. Moreover, the possibility of doing this is taken into account in fixing the price of the lower grades, so that the farmer may gain in price part or all of what he loses in grade. However, this explanation does not satisfy the farmers of North Dakota.

There are three chief lines of action open to the farmers of North Dakota or any other state where similar problems present themselves. In the first place, they might do their own marketing through coöperative associations like the California Fruit Growers' Association, which have been measurably successful in holding private interests in check and in setting standards of fair market conditions, even

when they have gained little in the way of higher prices.

Secondly, they might appeal to the state to remove the most glaring abuses by inspection and control of grading and other conditions of marketing, thus supplementing the work of the United States Bureau of Markets. Or, going farther along the line of state activity, they might ask for state ownership and operation of elevators, mills and other agencies by which the grain growers might become independent of private enterprise or at least set up equitable standards to which private business would conform.

In the third place, the farmers might find, after careful study of marketing, that it could be most efficiently carried on, as now, by private enterprise, and that the business men's organizations would coöperate with them to remove or minimize abuses and to secure the greatest possible benefit to all concerned.

The first of these methods has been tried in North Dakota, chiefly by the Equity Coöperative Exchange, which has built hundreds of elevators, some of which have been quite successful, especially during the time of rising prices. However, the terminal elevator which the Equity Exchange built in St. Paul lost in four years about $75,000, and, of course, the financial interests of Minnesota were blamed for this.

As is well known, farmers' coöperative associations are hard to carry on, as there are too many masters, it is difficult to obtain competent managers, and not easy to establish financial connections. Besides, the margin of profit per bushel of grain handled is not so large as is commonly supposed and, in general, the farmers are as yet lacking in coöperative experience.

Evidently, the coöperative elevators of North Dakota were not altogether satisfactory, as is shown by the clamor for state owned elevators which arose as far back as the year 1907. In the election of November, 1912, the people ratified a constitutional amendment authorising the state

to establish a state-owned terminal elevator, but the legislatures of 1913 and 1915 did not obey the mandate. It might have been well if the farmers had been allowed to go ahead with their schemes, if only that they might have shown the relative inefficiency of state management and have been dissuaded from trying experiments on a larger and more hazardous scale.

But the movement grew by the very opposition which it engendered, until in February, 1915, Mr. A. C. Townley, formerly an organizer for the Socialist Party, conceived the idea of creating a farmers' league which should control the political situation and thus force the legislature to comply with their demands. Thus was founded the Farmers' Nonpartisan League of North Dakota, which later developed into the National Nonpartisan League, and has been the storm center of politics in North Dakota and several other states during the past few years.

Through the efforts of Townley and his corps of organizers, at first walking from farm to farm, later going in Ford automobiles, the League spread like a prairie fire. Presently it obtained control of the Republican Party, and in the state election of 1916 it elected Lynn J. Frazier as governor, won all the state offices except that of state treasurer, elected 81 of the 113 members of the lower house, 18 of the 25 members then elected to the senate, and three judges of the supreme court.

The League could not do much in the way of legislation during the session of 1917, because of the hold-over senators, but during the ensuing two years it carried on a more active campaign than ever, until it had organizations in 13 states, with nearly 200,000 members who had paid $16 apiece for their two years' dues. In the election of 1918 in North Dakota they obtained control of both houses, sent three of their members to Congress, and passed amendments to the constitution giving the legislature large powers in the carrying on of industry and permitting

exemption of improvements and some personal property from taxation. The total vote for the League in the states where it was active was about 600,000.

The program of the League pointed strongly in the direction of state socialism, demanding state terminal elevators, warehouses, flour mills, pulp and paper mills, stockyards, packing houses, cold-storage plants, state hail insurance, rural credit banks. Then, too, there was an additional program of labor legislation designed to capture the labor vote.

During the session of 1919 the Legislative Assembly of North Dakota, now completely controlled by the League, passed laws for the creation of a state bank, state mills and elevators, a system of state grading, a state home building association, state insurance, and other measures for the benefit of the farmers first of all. The Assembly also passed a series of labor laws, including disability compensation, eight-hour day for women, minimum wage for women, limiting the issuance of injunctions in labor disputes, requiring the union label on state printing. For the administration of the state industrial enterprises an Industrial Commission was created, consisting of the Governor, the Attorney-General, and the Commissioner of Agriculture and Labor.

The inauguration of so considerable a program of state enterprise required a considerable sum of money, so an issue of bonds up to a limit of $17,000,000 was authorized by the Assembly. The legality of the entire program including the validity of the bonds, was soon attacked in the courts, but a favorable decision was rendered by the United States Supreme Court on June 1, 1920.

Toward the end of the year an issue of $6,200,000 in bonds, bearing interest from 5 to 5¾ per cent was offered for sale, but could not be floated at the time. Friends of the League accuse the financial interests of conspiring to discredit the bonds and of demanding that North Dakota

abandon part of its industrial program as the price of their assistance. The banks, on the other hand, say that the bonds are not attractive to investors, as the financial affairs of North Dakota have been badly managed, and as the bond market in general has been much depressed. Failing to sell the bonds in the usual way, the Bank of North Dakota has recently offered them to popular subscription.

Lacking funds from this source, and eager to begin the various enterprises, the Industrial Commission took advantage of section 7 of the Act creating the Bank, which required all state, county, township, municipality and school district funds, with the funds of all penal, educational and industrial institutions of the state, and all other public funds, to be deposited in the bank.

On the basis of these deposits the Bank made large advances to the industrial enterprises. The Mill and Elevator Association, organized May 29, 1919, purchased a small experimental flour mill at Drake, which it operated at some loss because of falling prices, which could not be legally evaded by the usual "hedging." On May 5, 1920, the Association began the construction of a large mill at Grand Forks to cost about $2,000,000, but the work was suspended later in the year for lack of funds. The Home Building Association began operations in the summer of 1919, since when 31 homes have been completed and 27 are in course of construction; but this work also has been suspended.

The Bank also lent nearly $3,000,000 in over 600 farm loans, running for 30 years. Then, too, it deposited about the same amount in some 470 local banks, some of which were specially favored. The deposits in the Scandinavian American Bank of Fargo, now closed, in which League members are said to have been largely interested, amounted to $444,127, and the deposits in other closed banks amounted to about $500,000 more. In these and other ways nearly $5,000,000 of the Bank's resources were tied

up in non-liquid or "frozen" credits and were not available to meet the demands of the local governing bodies and other custodians of public funds.

The troubles of the Bank were not wholly due to bad banking, but in part to a change in public opinion, which after a time set strongly against the League. In November, 1916, Governor Frazier was elected by a majority of 67,000; in 1918 his majority was reduced to 15,000; and in 1920 it was only 4,700, although in that election women were first allowed to vote. At that time, too, the League lost control of the House, holding the Senate by a small majority. To cap the climax, two important measures were adopted by referendum vote, the one confining the activities of the Bank to rural credits, thus preventing the financing of the industrial projects, the other repealing the aforementioned section 7 which required the political subdivisions to deposit their funds with the Bank.

Soon after this 37 out of 51 county treasurers demanded their funds, and presently other custodians of public moneys followed suit, thus creating a serious run on the Bank, as the deposits were large. Thereupon the Bank had to call in deposits from the local banks, creating a crisis which was only partially relieved by the redeposit of these funds by their custodians in the same or other local banks. The situation was decidedly embarrassing, especially in view of the general financial stringency. Some 35 of the local banks closed their doors, including the Scandinavian American Bank, and the Bank of North Dakota itself could not pay all its depositors. The Bank is doubtless solvent enough, as it has the credit of the state back of it, but it will take a long time to liquidate, and meanwhile the taxpayers will have to pay. Altogether, North Dakota's experience of state banking, coupled with state industrial enterprise, has not been happy.

As to the success or failure of the industrial enterprises,

nothing final can be said, as most of the projects have been discontinued for lack of funds and will not be resumed until the bonds are sold or the taxpayers advance the money, which they will hardly do. It is said that the state is unable to pay hail losses amounting to some $800,000. Already taxes are more than twice what they were before the war, and the prospect of increasing burdens on the farmers in these hard times must be decidedly unpleasant. However, Senator Ladd is very hopeful, for he says:

"The State mill (*at Drake*), although it has been run on an experimental scale, has demonstrated that huge savings can be effected in the marketing, manufacture, and distribution of North Dakota's wheat crop when the state enters into business on a large scale. If the entire wheat crop of North Dakota can be handled by the state and manufactured into flour, the annual saving to the producers and consumers of the state would not be less than $60,000,000."

Extravagant statements such as this, which abound in the Nonpartisan Leader and other publications of the League, read like the prospectuses of certain mining companies, and must be largely discounted by the taxpayers of North Dakota if they would not plunge into financial waters beyond their depth. Up to the present time they have got nothing but increasing taxes, glowing promises, and some experience of the ways of government in the initiation and conduct of industrial enterprises. Possibly, however, they may take comfort in the thought that North Dakota has been a pioneer in this line of activity and that her sister states may profit by her mistakes.

The experience of North Dakota is of little value except in a negative way; but that of New Zealand, continued through more than 25 years, has some bearing upon the problem involved. In that country in the early 'nineties, the Liberal Party, consisting largely of small farmers and shopkeepers, made an alliance with the labor unions for

their mutual benefit, and in the years that followed they put through a double-barreled program of legislation designed to break the power of the great landowners and capitalists.

On the one hand were laws designed to break up the great estates, whether by direct purchase or by special taxation of large holdings and the property of absentees. There were government advances to settlers, and other favors to the small farmers. On the other hand, a long series of labor laws were passed, including the employers' liability amendment act, the industrial conciliation and arbitration act, the seamen's act, acts providing for old-age pensions, workers' dwellings, advances to workers and the like. Also, the government, which already owned and operated the railroads, acquired a few coal mines, went into the fire, life and accident insurance business, and carried on some other activities pointing in the direction of state socialism.

The experience of New Zealand shows clearly that a country may move in a given direction for a time without approaching the apparent goal. Certainly, the agrarian legislation of New Zealand, while ostensibly socialistic, was really the very opposite of that, as it increased the number of small farmers and strengthened their attachment to the institution of private property. So also the "socialistic" labor legislation, in so far as it was beneficial to the laborers, tended to make them less discontented and more loyal to the present social order.

However—and this is an interesting phase of the class struggle—the "Lib-Lab Party" continued for a time, but as the farmers became more prosperous and the laborers demanded more and more, including further taxation of land values, the alliance weakened, and finally broke up, the farmers foregathering with conservatives, while the more radical of the laborers drifted toward socialism.

Another interesting phase of state activity in New Zea-

land is the fact that it has built up a large and influential civil service or bureaucracy, which is a source of political strength to the party in power, giving opportunity to political leaders to build up an impregnable machine. Indeed, the long life of the "Lib-Lab Party," from 1891 to 1912, was probably due in part to the tremendous power wielded by the Ministry, which made it advantageous to civil servants, merchants, manufacturers, contractors, banks, newspapers, counties, municipalities, and even farmers, to "stand in" with the government. The fact that this kind of corruption has not gone further in New Zealand is a testimony to the generally high standards of public morality in that country.

As to the general financial success of the industrial enterprises in New Zealand, the most that can be said is that they have not ruined the country, although some of them have resulted in deficits which have been made up out of taxes and loans. It should be noted, too, that New Zealand has done little in the way of "socialistic" legislation during the past fifteen years, and that there is at present little evidence to show that capitalism in that country is breaking down.

Viewing the experiments of North Dakota in the light of those of New Zealand, and in their relation to "scientific" socialism, it is evident that the farmers of North Dakota as a class are not socialists, and that if they succeed in solving the marketing problem, whether by state activity or coöperative effort, or merely by regulating private enterprise, they will be better satisfied than ever with the private ownership of land and other property. Moreover, as everybody knows, the farmers are the bulwark of capitalism, and anything that will make them prosperous and happy will strengthen the foundations of the present social order.

By the same token, orthodox socialists, wishing industrial conditions to grow worse and worse, scoff at all such ex-

periments in "state socialism" or "state capitalism" as have been tried in New Zealand and North Dakota. Some of them have attacked the Nonpartisan League and are glad to see it fail, because they wish to have it clearly shown that social salvation can come through the proletariat alone. But the farmers of North Dakota are not proletarians and have no wish to become such; wherefor, from the point of view of the evolutionary Marxists, and certainly from that of the Moscow International, they are but henchmen of the bourgeoisie.

For all that, there have been and are a number of socialists of various shades of red or pink among the leaders of the Nonpartisan League, for soon after the movement had well begun a number of carpet-bag socialists came from far and near, even as the Bolshevists and others of that belief gathered in Petrograd after the March Revolution.

A. C. Townley himself was an organizer for the Socialist Party and ran for the legislature of North Dakota on the Socialist ticket in November, 1914. The well-known socialist author and journalist Charles Edward Russell helped to launch the Nonpartisan Leader, wrote a series of appreciative articles for Pearson's Magazine, also a book, and was for some months a valued advisor of the League.

Arthur Le Sueur, a socialist of long standing, a friend and associate of Mr. Debs, and a member of the executive committee of the Socialist Party, was one of the leading lights of the League. Another was Walter Thomas Mills, a peripatetic author and orator, once of Milwaukee, later of California, still later a socialist agitator and organizer in New Zealand. Still another was D. C. Coates, sometime lieutenant-governor of Colorado, one of the organizers of the I. W. W. in Chicago in the year 1905, later a prominent socialist in Spokane, Washington. Besides these were minor socialist lights, such as A. E. Bowen, Joseph Gilbert,

Richard Grace, L. L. Randall, Alex Strom, O. M. Thomason, J. Arthur Williams, F. B. Wood, Howard Wood and others.

The presence of these men, of a type not indigenous in North Dakota, shows that the League did not exist merely for the solving of the marketing problem, but that a strong group of professed socialists were directing it toward ulterior ends. They were wise enough to keep in the background and to put mostly non-socialists into public office, but what took place on the stage can be fully understood only by finding out what went on behind the scenes.

In the corresponding movement in New Zealand, on the contrary, few, if any, out-and-out socialists were concerned, and such radical legislation as was passed was directed toward immediate ends. Also, in New Zealand more care was taken to put competent men in charge of the various public enterprises and to keep them free from political interference.

In fact, the political organization of North Dakota, as of all the other states of the Union, is not well suited to the carrying on of state industries, and must be considerably changed before it can operate them with any measure of success. Probably it will be necessary to have something like the cabinet system obtaining in the United Kingdom and the British dominions, or the more highly organized, though less elastic bureaucracy of continental Europe. To plunge blindly into a number of industrial activities, as North Dakota did, without the necessary changes in governmental organization, with insufficient political training, with practically no business experience, and with insufficient funds, was to invite disaster.

The League itself, with its highly centralized organization, was for a time the real government of North Dakota, a government within a government, or, rather, the power behind the throne, and, as such, was open to all the objections commonly urged against Tammany and other

political machines. And inasmuch as a number of the most prominent leaders, as socialists and adventurers, were in no sense representatives of the farmers of North Dakota, the dictatorship of the League was all the more objectionable.

At the present time it looks as though the methods, if not the aims, of the Nonpartisan League of North Dakota were pretty well discredited, as premature efforts to solve the marketing problem by state enterprise on too large a scale. The revised program of the League in other states appears to favor state ownership of elevators, mills, packing companies, and the like, "in so far as necessary to restore competition and break monopoly power."

Meanwhile, there has been a revival of interest in coöperative marketing, as exemplified in the work of the Farmers' Educational Coöperative Union, and in the recent organization of the United States Grain Growers, Inc., which is to coördinate the work of many of the other coöperative associations, to carry on the marketing of grain and to manage other operations on a very large scale. The prospectus calls it "A farmer-owned, non-stock, non-profit association to handle and sell grain at cost for its farmer members, designed to stabilize market prices, eliminate speculation and manipulation, and furnish adequate credit to farmers."

Clearly, the revolt of the farmers against the abuses, real and imaginary, of the present marketing system is not a revolutionary movement directed against the foundations of the present social order, of which the farmers have always been staunch supporters. Doubtless, the farmers of North Dakota will presently get rid of the vagrant socialists who have so badly muddled and discredited the movement with their vague theories and their woful lack of business experience. After that the movement will doubtless continue in a saner and more businesslike way.

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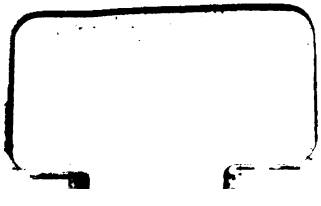
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